



# Opportunities Ahead

A Strategy for Economic Growth in the Town of Inuvik

March 2015



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## Acknowledgements

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The Town of Inuvik would also like to thank all residents, community and business leaders, regional organizations and associations, and government representatives that participated in the consultation efforts for this project. Your opinions and perspectives made an important contribution to this report.



# List of Acronyms

<b>AANDC</b>	Aboriginal Affairs & Northern Development Canada	<b>ICSP</b>	Integrated Community Sustainability Plan
<b>AEA</b>	Arctic Energy Alliance	<b>IDC</b>	Inuvialuit Development Corporation
<b>ARI</b>	Aurora Research Institute	<b>IFA</b>	Inuvialuit Final Agreement
<b>ATCAC</b>	Aboriginal Tourism Champions Advisory Council	<b>IRC</b>	Inuvialuit Regional Corporation
<b>BDIC</b>	Business Development & Investment Corporation	<b>ITI</b>	Department of Industry, Tourism and Investment for the GNWT
<b>CanNor</b>	Canadian Northern Economic Development Agency	<b>LNG</b>	Liquid Natural Gas
<b>CEP</b>	Community Energy Plan	<b>LQ</b>	Location Quotient
<b>CRA</b>	Canada Revenue Agency	<b>MC&amp;IT</b>	Meetings, Conventions and Incentive Travel
<b>CFDC</b>	Community Futures Development Corporation	<b>MGP</b>	Mackenzie Gas Project
<b>CTC</b>	Canadian Tourism Commission	<b>MW/MWh</b>	Megawatts / Megawatt Hours
<b>CTHRC</b>	Canadian Tourism Human Resource Council	<b>NT Energy</b>	NWT Energy Corporation Limited
<b>EDTM</b>	Economic Development and Tourism Manager	<b>NORDREG</b>	Northern Canada Vessel Traffic Services Zone
<b>GCCA</b>	Gwich'in Comprehensive Land Claims Agreement	<b>NTPC</b>	Northwest Territories Power Corporation
<b>GDC</b>	Gwich'in Development Corporation	<b>NWT</b>	Northwest Territories
<b>GDP</b>	Gross Domestic Product	<b>PSA</b>	Process and Schedule Agreement
<b>GHG</b>	Green House Gas	<b>SEED</b>	Support for Entrepreneurs and Economic Development
<b>GMVF</b>	Genuine Mackenzie Valley Furs	<b>SSHRC/NSERC</b>	Social Sciences and Humanities Research Council / Natural Sciences and Engineering Research Council
<b>GNWT</b>	Government of the Northwest Territories	<b>SNG</b>	Synthetic Natural Gas
		<b>SWOT</b>	Strengths, Weaknesses, Opportunities, Threats Analysis
		<b>TIAC</b>	Tourism Industry Association of Canada
		<b>VIC</b>	Visitor Information Centre



# Executive Summary



# Executive Summary

The Town of Inuvik is at an economic crossroads. For years the economy has been on the cusp of significant gains from oil and gas resources located in the nearby Beaufort Sea. These prospects, however, have not materialized to their full capacity and remain uncertain for the future. In the meantime, the Inuvik economy has been struggling to deal with extremely high utility and heating prices, a rising unemployment rate, decreasing population, and a shrinking business sector. In recent years, the economy of the Northwest Territories (NWT) has also been stagnating due to lower market demands for exports as well as the fact that many of the territory's main economic drivers (i.e. mining operations and oil-producing fields) have all passed their peak production periods.

However, there is promise in the NWT and Inuvik's economic futures. For the NWT, a number of new resource projects are planned over the coming decade that are forecast to bring in more than \$4.5 billion in new investments. A new devolution agreement signed between the Government of the Northwest Territories (GNWT) and the Federal Government of Canada will also contribute new revenues from territorial mining and resource development to the GNWT. Taken together, these developments are projected to create a 31% growth in territorial gross domestic product (GDP) by 2018 and contribute to a long string of budget surpluses for years to come.

**Opportunities Ahead: A Strategy for Economic Growth in the Town of Inuvik** establishes a shared understanding among local community, business, and political leaders on the priorities of economic development opportunities and goals for the future prosperity of Inuvik. The Strategy provides a fact-based understanding and plan that incorporates the growth challenges for Inuvik, the community's leading and emerging economic sectors, and thoughts gleaned from extensive consultation with local and regional stakeholders. The Strategy explores five priority sectors for the economy of Inuvik and presents an action plan for each.

## Project Methodology

The Strategy combined research and analysis of the Inuvik and the NWT economies with consultation and engagement of local business and community leaders and regional and external organizations. These research and consultation efforts provided a foundation from which to create informed strategic directions for Inuvik with resulting actions on how to implement those directions for key priority sectors.



The detailed components of the methodology for the project include:

- Project Launch - Project initiation, work plan, outreach consultation plan and confirmed report outline
- Research and Engagement - Background review, economic base analysis, an online survey, five focus groups, and key informant interviews
- Strategic Directions & Action Planning – Evaluations of priority sector potentials, competitive advantages and disadvantages, selection of future directions and opportunities, action planning, and draft final report to the Town of Inuvik project team
- Project Conclusion – Finalizing the Economic Development Strategy and final presentations to the community and Town Council

### Inuvik’s Economic Development Opportunities

There are a number of important sectors and projects that help drive the economy of Inuvik or offer opportunity for future gains in the economy including:

- |                                     |                                  |
|-------------------------------------|----------------------------------|
| ■ Inuvik to Tuktoyaktuk Highway     | ■ Aurora College                 |
| ■ Satellite Receiver Stations       | ■ Western Arctic Research Centre |
| ■ Mackenzie Valley Fibre Optic Line | ■ Mackenzie Gas Project          |
| ■ Tourism                           | ■ Special Events & Festivals     |
| ■ Ikhil Gas Project                 |                                  |

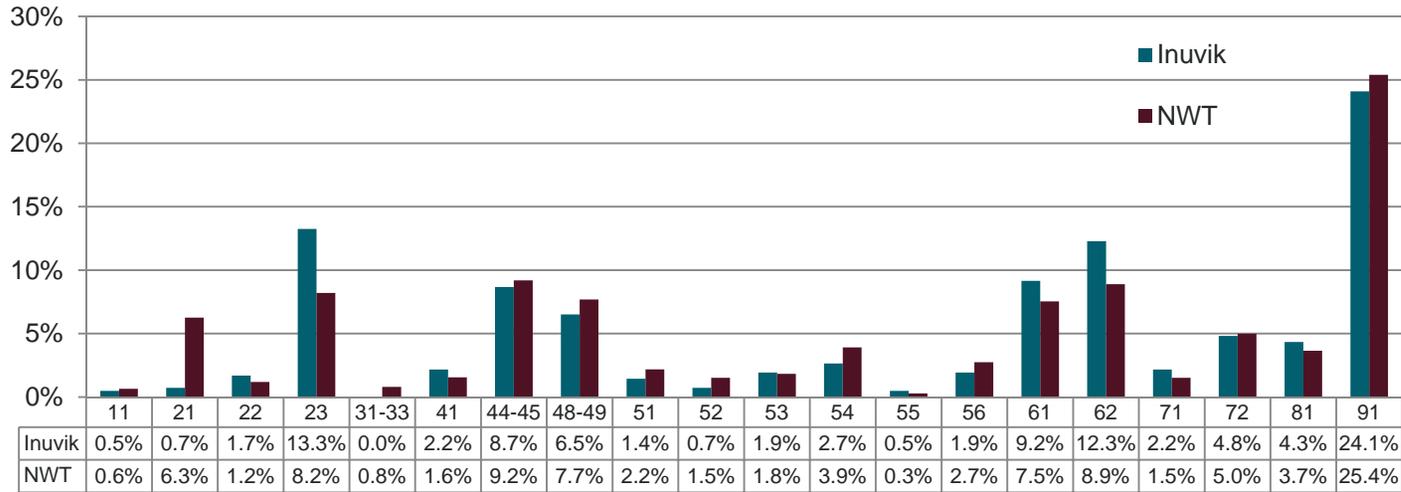
In 2011, the top three industries by labour force in Inuvik were in Public Administration (24.1%), Construction (13.3%), and Health Care and Social Assistance (12.3%). Other important industries included Educational Services (9.2%), Retail Trade (8.7%), and Transportation and Warehousing (6.5%).

### PROJECT METHODOLOGY





SHARE OF TOTAL LABOUR FORCE POPULATION AGED 15 YEARS AND OVER BY INDUSTRY (NAICS), 2011



Source: Statistics Canada, National Household Survey (NHS) Profile, 2011 National Household Survey, Statistics Canada Catalogue no. 99-004-XWE

NAIC Categories: 11-Agriculture; forestry; fishing and hunting, 21-Mining; quarrying; and oil and gas extraction, 22-Utilities, 23-Construction, 31-33 Manufacturing, 41-Wholesale trade, 44-45 Retail trade, 48-49 Transportation and warehousing, 51-Information and cultural industries, 52-Finance and insurance, 53-Real estate and rental and leasing, 54-Professional; scientific and technical services, 55-Management of companies and enterprises, 56-Administrative and support; waste management and remediation services, 61-Educational services, 62-Health care and social assistance, 71-Arts; entertainment and recreation, 72-Accommodation and food services, 81-Other services (except public administration), 91-Public administration

Digging deeper into the industry statistics, the top industries by number of employed in Inuvik in 2011 were:

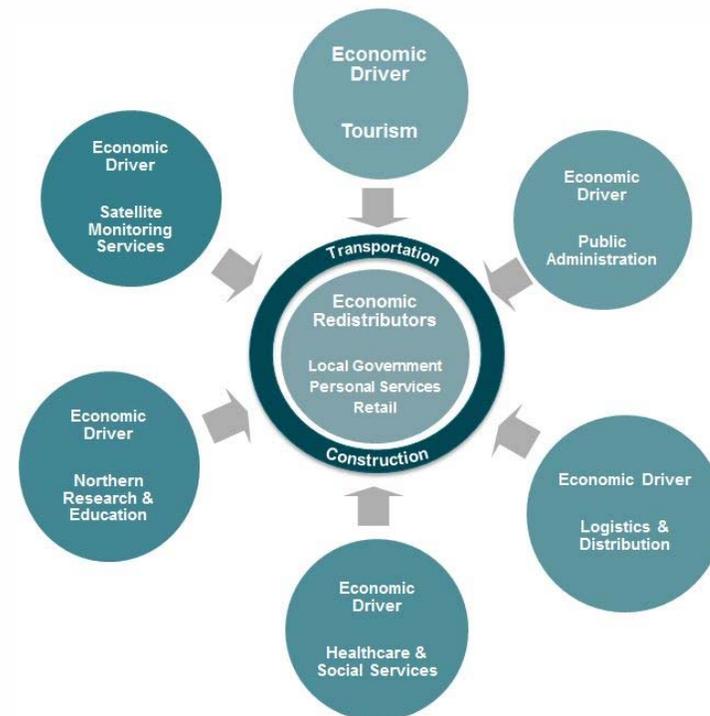
- Provincial and territorial public administration (215 people employed)
- Hospitals (115 people employed)
- Elementary and secondary schools (110 people employed)
- Other federal services (110 people employed)
- Grocery stores (100 people employed)
- Aboriginal public administration (100 people employed)



The selection of economic development opportunities in any community is rooted in the philosophy that initiatives must ultimately increase the total wealth within a community. This is accomplished through both **export development (any initiative that brings new money into the community)** and **import substitution (any initiative that keeps money in the community)**. These two philosophies form the fundamental direction for economic development programs. If economic development programs are meant to increase wealth in the community (and for the community) then initiatives should be directed to improving export development (primarily) and improving import substitution (secondarily).

The concept above is profiled in the accompanying figure to the right. The circles on the outside represent sectors that are “driving” wealth into the Town of Inuvik. The businesses in the sectors in the centre benefit from this economic stimulus and keep wealth circulating in Inuvik. In strong economies, this wealth changes hands many times before it is spent outside. The impact of these drivers and subsequent circulation is job creation, property investment, and local taxation.

CURRENT ECONOMIC DRIVERS AND REDISTRIBUTORS FOR THE TOWN OF INUVIK



## Consultation Findings

Three outreach activities were used during consultations, incorporating the perspectives of residents, local municipal staff, local community and business leaders, regional organizations, and territorial and Aboriginal government representatives:

- **Online Survey** - An online survey was distributed by the Town of Inuvik staff to generate input from residents and business and community leaders on economic development opportunities and priorities for Inuvik. The survey was open from December 5, 2014 to January 19, 2015 and generated a total of 51 responses.
- **Focus Groups** – Five focus group sessions were held in the Town of Inuvik on January 12 and 13, 2015. Four of these focus groups were organized around a specific sector of importance to Inuvik (i.e. tourism, arts and crafts and local food, northern sciences, and natural resources). The fifth focus group was open to



the general public and covered a more general range of conversation specific to issues of importance to the general population in Inuvik.

- **Stakeholder Interviews** – Eighteen telephone interviews were conducted with business and community leaders in Inuvik. These were open-ended interviews each averaging approximately 20-30 minutes in length and were conducted in-person or by telephone.

Important findings from the consultation activities include:

- Creating a **knowledge economy** based on the opportunities associated with international space agencies and new fibre optic investments being made.
- **The Road to Tuk** will bring new opportunities to sell and position Inuvik as a hub of activity (i.e. tourism, deep sea port), but reflects a need to partner with other jurisdictions.
- **Enhancing the role of tourism in the economy** by developing packages and selling them to a broad audience, taking advantage of the (potential) Arctic Winter Games hosting, getting businesses and the community excited to host visitors and cross-promote with each other, promoting Inuvik as a conference and business centre, continuing to grow small local events into larger tourism attractions, product around the opening of the Tuk Highway. A tourism specific strategic marketing plan is needed.
- **Natural resources prospects** of the region are mainly oil and gas, but new opportunities also coming up for gas to liquids projects.
- Inuvik is well positioned to **support broad scientific research opportunities** due to its relative accessibility to the Canadian Arctic, namely daily flights from southern hubs and a year round road to bring equipment. Training for research support workers has taken place that local residents can make a part-time career from, and the amount of research has been increasing over the years.
- **Existing education assets** in a college campus that draws students from Sahtu and Beaufort Delta. The Inuvialuit are rewriting certain curriculums to better train students to fill the labour gaps in the region. Fibre optics will introduce better connections for distance learning, with potential to extend to remote communities, which will reinforce Inuvik's status as a hub community.
- Interest in assessing the feasibility of a **business incubator service** that could support local small businesses with basic business skills (e.g. bookkeeping, administration tasks, office space). This could also work to create more networking opportunities and fellowship between small business owners.
- **Arts and crafts and informal economy traditions** seem to be strengthening. There is a greater variety of locally-made products for sale at local events, and it seems like there is an opportunity for a co-op or online distribution channel. Also, high quality furs are found around Inuvik.



**Biggest Challenges to Economic Growth in Inuvik**

- The high cost of living (i.e. utilities and energy and groceries) which have begun to drive locals and businesses out of Town
- Local retail businesses cannot compete with online outlets (i.e. larger catalog of products, less expensive, accessible via shipping) which is driving dollars outside of the community
- Tourism has been relatively slow as it is expensive to get tourists into Town and the volume of visitors has not been large enough to spur more focus on the tourism sector
- High unemployment in the community leading to too many young people on income support who then seek opportunities outside of Inuvik
- Businesses struggle to find employees and when they do the commitment from the employee may not be there. Specific skill sets in the community are seen as underdeveloped and it is seen that there are insufficient skills training programs available.
- Population decline

**Focusing Inuvik’s Economic Development Priorities**

Through the consultation and research activities conducted for this project, a series of principles were articulated by the community and adopted by the consulting team to guide the setting of priorities:

1. Diversifying the local economy and composition of businesses
2. Supporting small business growth and entrepreneurship
3. Improving residents’ quality of life by decreasing cost of living and enhancing amenities
4. Focusing the Economic Development Department’s operations on high value initiatives
5. Alignment with territorial and regional initiatives, funding programs and incentives
6. Increasing employment opportunities for Inuvialuit, Gwich’in and Métis
7. Attracting visitors

SWOT ANALYSIS FOR INUVIK

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>■ A Strong Sense of Community</li> <li>■ High Levels of Diversity and Cultural Heritage</li> <li>■ A Hub for the Region</li> <li>■ Recognizable and Growing Events</li> <li>■ Strong Tourism Assets</li> <li>■ Excellent Recreation Facilities</li> <li>■ An Attractive Place for Professionals Looking to Relocate to the North</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>■ Labour Force Challenges</li> <li>■ Lack of an Entrepreneurial Spark</li> <li>■ Unemployment in the Community</li> <li>■ Tourism Volumes are Low</li> <li>■ Aesthetically Unappealing Downtown Core</li> <li>■ Widening Role of Inuvik’s Economic Development and Tourism Manager</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>■ Space Satellite Technology</li> <li>■ Capitalizing on the Road to Tuk</li> <li>■ Raising the Profile of Tourism</li> <li>■ Natural Resources Potential</li> <li>■ Scientific Research</li> <li>■ Well-Positioned Educational Institutions</li> <li>■ Small Business Development</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>■ Cost of Living &amp; Operating a Business</li> <li>■ Retail Spending Leakage</li> </ul>



Building on the economic drivers and redistributors in the Inuvik economy, five priority areas (with accompanying goals) have been identified that have the greatest potential of creating positive economic impact in Inuvik over the coming years. These five priority areas are the focus of action plans in the main body of the Strategy.

#### FOCUSING INUVIK'S ECONOMIC DEVELOPMENT PRIORITIES





# Introduction





# 1 Introduction

The Town of Inuvik is at an economic crossroads. For years the economy has been on the cusp of significant gains from oil and gas resources located in the nearby Beaufort Sea. These prospects, however, have not materialized to their full capacity and remain uncertain for the future. In the meantime, the Inuvik economy has been struggling to deal with extremely high utility and heating prices, a rising unemployment rate, decreasing population, and a shrinking business sector. In recent years, the economy of the Northwest Territories (NWT) has also been stagnating due to lower market demands for exports as well as the fact that many of the territory's main economic drivers (i.e. mining operations and oil-producing fields) have all passed their peak production periods.

The future economic prospects for Inuvik and the NWT, however, look promising. For the NWT, a number of new resource projects are planned over the coming decade that are forecast to bring in more than \$4.5 billion in new investments. A new devolution agreement signed between the Government of the Northwest Territories (GNWT) and the Federal Government of Canada will also contribute new revenues from territorial mining and resource development to the GNWT. Taken together, these developments are projected to create a 31% growth in territorial gross domestic product (GDP) by 2018 and contribute to a long string of budget surpluses for years to come.

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## 1.1 Methodology

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- **Project Conclusion** – Finalizing the Economic Development Strategy and final presentation to the Town of Inuvik project team and Town Council

## 1.2 Report Structure

*Opportunities Ahead: A Strategy for Economic Growth in the Town of Inuvik* is organized into a number of sections:

**Section 2** provides an overview of the trends within the economy of the NWT and how the Town of Inuvik is situated within that economy. Information on the demographic, economic, and labour force profile for Inuvik is also presented, as well as information on the important economic sectors and projects within and surrounding Inuvik.

**Section 3** provides a summary of all consultation activities (survey, focus groups, and interviews) highlighting key findings and themes.

**Section 4** outlines the strengths, weaknesses, opportunities, and threats for the Town of Inuvik and its associated economy. The discussion continues by detailing some of the guiding principles for economic development in Inuvik used in the creation of *Opportunities Ahead: A Strategy for Economic Growth in the Town of Inuvik*.

**Sections 5-9** evaluate each of the five priority sectors for economic growth in Inuvik and present goals and actions to advance the Town's economic development agenda.

A separate **Background Report** is also available with additional information on statistical analyses and consultation activities presented in the main body of this Strategy.

FIGURE 1: PROJECT METHODOLOGY





# Inuvik's Economy



Photo courtesy of [www.inuvikphotos.ca](http://www.inuvikphotos.ca)



## 2 Inuvik's Economy

### 2.1 Inuvik's Economy

The Town of Inuvik is home to 3,463 people (in 2011). The Town was formed in 1958 after the government of Canada felt the need to find a new administrative centre in the Western Arctic due to flooding, erosion, and limited space in the traditional administrative centre of Aklavik. Inuvik has continued to grow since that time to become the government centre and transportation hub for the Western Arctic as well as the main headquarters for the oil and gas industry operating in the Beaufort Sea/Mackenzie Delta. The Town is at the end of the Dempster Highway connecting the Western Arctic with Southern Canada.

The region is the homeland of the Inuvialuit and Gwich'in Aboriginal peoples as well as a wide variety of other people and cultures that have settled in Inuvik. Roughly 68% of the population in Inuvik identifies as Aboriginal (43% Inuit, 20% First Nations, 5% Métis).<sup>1</sup> The word "Inuvik" means "Place to Live In" in the Inuvialuktun (language spoken by the Western Canadian Inuit).<sup>2</sup>

Inuvik is nestled between the treeless tundra and the northern boreal forest, and is located on the Mackenzie Delta (Canada's largest fresh water delta) close to the Arctic Ocean and near the Richardson Mountains. The Town is a key gateway to other northern communities in the region, most especially Aklavik and Tuktoyaktuk which are connected by temporary ice road on the Mackenzie River during the winter months. The GNWT anticipates construction of the Inuvik-Tuktoyaktuk Highway will be finished by early 2018.

#### 2.1.1 Demographic Profile

As of 2011, roughly 56% of the population of Inuvik was in the age group 25-64 years old. A further 38% of the population was below 25 years old. These statistics taken together highlight the relatively young, working age population in Inuvik. The median age in Inuvik was 31.7 years old (compared to 32.3 years old for the NWT). In general, the population structure in the NWT is quite similar to that in Inuvik.

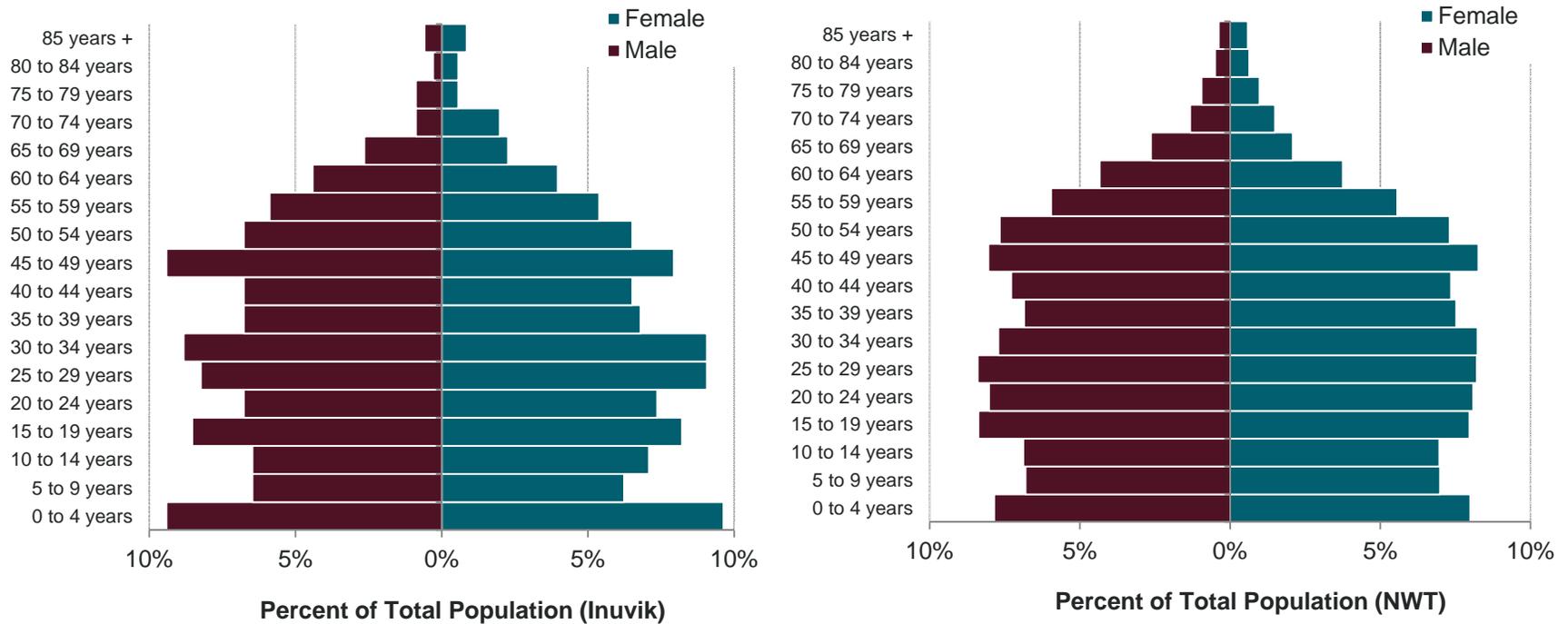
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<sup>1</sup> Statistics Canada, 2011 National Household Survey

<sup>2</sup> As translated by the Inuvialuit Cultural Resource Centre and verified by an Inuvialuit elder.



FIGURE 2: POPULATION PYRAMIDS FOR INUVIK & NWT, 2011

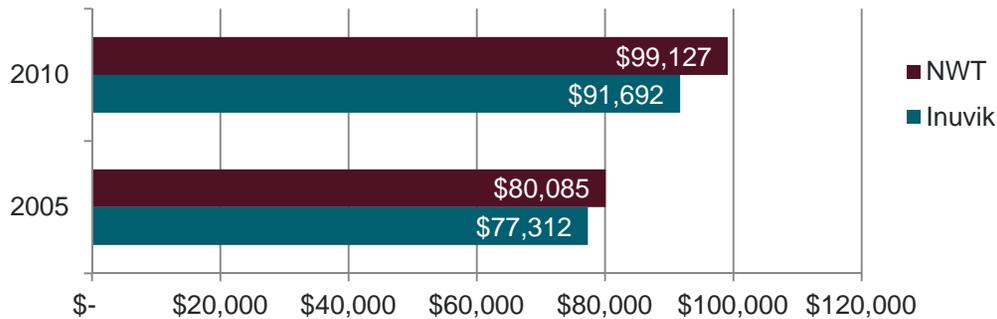


Source: Statistics Canada, National Household Survey (NHS) Profile, 2011 National Household Survey, Statistics Canada Catalogue no. 99-004-XWE. Adapted by Millier Dickinson Blais Inc.

The median household income in Inuvik in 2010 was \$91,692, a 19% increase from 2005 levels. The median income levels for Inuvik in both 2005 and 2010 were below the overall levels for the NWT.



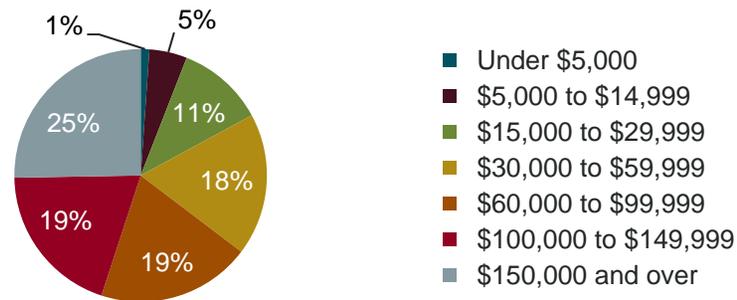
FIGURE 3: MEDIAN HOUSEHOLD INCOME LEVELS



Source: Statistics Canada, National Household Survey (NHS) Profile, 2011 National Household Survey, Statistics Canada Catalogue no. 99-004-XWE, and 2006 Community Profiles, 2006 Census, Statistics Canada Catalogue no. 92-591-XWE

As of 2010, roughly 63% of the population in Inuvik made a household income over \$60,000. Approximately 25% of households made over \$150,000, while 17% made below \$30,000 per year in income.

FIGURE 4: HOUSEHOLD INCOME LEVELS, INUVIK, 2010



Source: Statistics Canada, National Household Survey (NHS) Profile, 2011 National Household Survey, Statistics Canada Catalogue no. 99-004-XWE



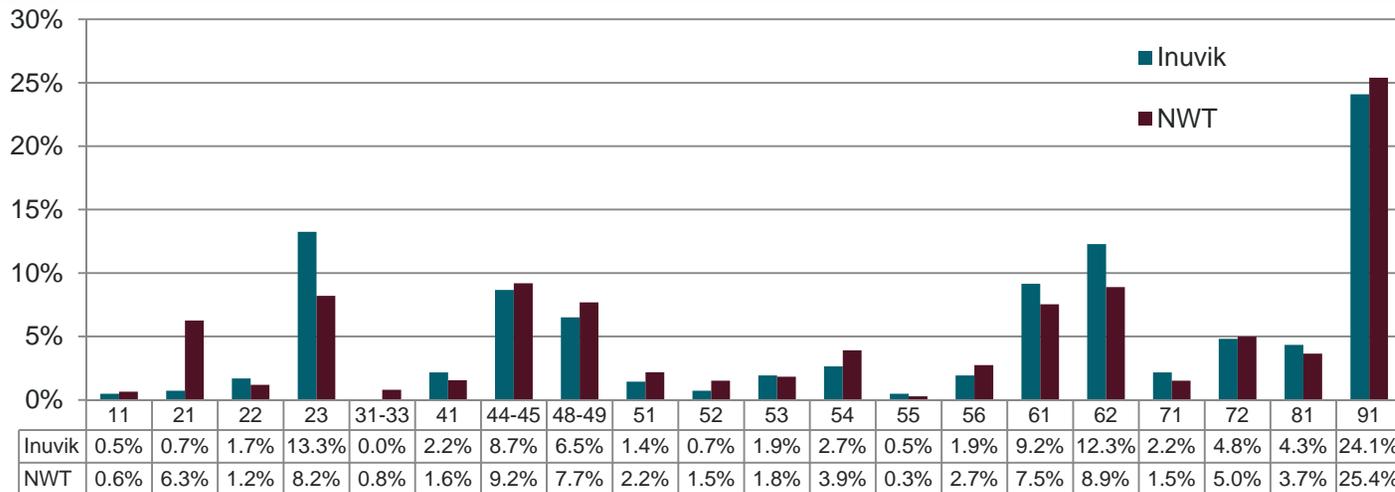
## 2.1.2 Labour Force Characteristics

### Regional Labour Force by Industry

In 2011, the top three industries by labour force in Inuvik were in Public Administration (24.1%), Construction (13.3%), and Health Care and Social Assistance (12.3%). Other important industries included Educational Services (9.2%), Retail Trade (8.7%), and Transportation and Warehousing (6.5%). Figure 5 highlights all industries and their relative concentrations in the economy for Inuvik and the Northwest Territories.

Since 2006, the total labour force by industry in Inuvik grew by 2.7%. The largest increases (in terms of absolute change) were seen in the Public Administration, Construction, Health Care and Social Assistance, Educational Services, and Retail Trade industries. Decreases were seen in the Manufacturing, Mining, Quarrying and Oil and Gas Extraction, Wholesale Trade, Real Estate and Rental and Leasing, and the Accommodation and Food Services industries.

FIGURE 5: SHARE OF TOTAL LABOUR FORCE POPULATION AGED 15 YEARS AND OVER BY INDUSTRY (NAICS), 2011



Source: Statistics Canada, National Household Survey (NHS) Profile, 2011 National Household Survey, Statistics Canada Catalogue no. 99-004-XWE

NAIC Categories: 11-Agriculture; forestry; fishing and hunting, 21-Mining; quarrying; and oil and gas extraction, 22-Utilities, 23-Construction, 31-33 Manufacturing, 41-Wholesale trade, 44-45 Retail trade, 48-49 Transportation and warehousing, 51-Information and cultural industries, 52-Finance and insurance, 53-Real estate and rental and leasing, 54-Professional; scientific and technical services, 55-Management of companies and enterprises, 56-Administrative and support; waste management and remediation services, 61-Educational



services, 62-Health care and social assistance, 71-Arts; entertainment and recreation, 72-Accommodation and food services, 81-Other services (except public administration), 91-Public administration

Digging deeper into the industry statistics, Figure 6 illustrates the top industries by number of employed in Inuvik in 2011. The top industries are:

- Provincial and territorial public administration (215 people employed)
- Hospitals (115 people employed)
- Elementary and secondary schools (110 people employed)
- Other federal services (110 people employed)
- Grocery stores (100 people employed)
- Aboriginal public administration (100 people employed)

FIGURE 6: TOP INDUSTRIES BY # OF EMPLOYED, INUVIK, 2011

Industry Sector	# of Workers Employed
Provincial and territorial public administration	215
Hospitals	115
Elementary and secondary schools	110
Other federal services	110
Grocery stores	100
Aboriginal public administration	100
Building equipment contractors	90
Residential building construction	55
Community colleges and C.E.G.E.P.s	55
Local, municipal and regional public administration	45
Traveller accommodations	40
Other specialty trade contractors	35
Scheduled air transportation	25
Lessors of real estate	25
Scientific research and development services	25
Nursing and residential care facilities	25
Individual and family services	25



<b>Industry Sector</b>	<b># of Workers Employed</b>
Child day-care services	25

Source: Statistics Canada, National Household Survey (NHS) Profile, 2011 National Household Survey, Statistics Canada Catalogue no. 99-004-XWE

In order to determine the level and degree of industrial specialization that has developed in Inuvik, **Location Quotients (LQs)** have been calculated to measure the relative concentration of labour force activity by major industry sector.

Location quotients are a commonly used tool in regional economic analysis. They assess the concentration of economic activities within a smaller area relative to the overarching region in which it resides. LQ's have been calculated to compare the Town of Inuvik to the broader trends in the economy of the Northwest Territories. This LQ analysis will help highlight the industries in which Inuvik has competitive advantages.

A location quotient greater than 1.25 for a given sector indicates a local concentration of economic activity as compared to the overarching region and may be an indication of competitive advantage with respect to the attraction of that industry sector. Location quotients equal to 1.0 for a given sector suggest that the study area has the same concentration of economic activity as the overarching comparator. Finally, a location quotient of less than 0.75 suggests that the place in question does not have a strong competitive advantage in that sector.

As seen in Figure 7, compared to the NWT, Inuvik has a high degree of specialization in:

- Management of companies and enterprises (1.72)
- Construction (1.61)
- Arts, entertainment and recreation (1.43)
- Utilities (1.42)
- Wholesale trade (1.39)
- Health care and social assistance (1.38)

Relative to the Northwest Territories, Inuvik has a low concentration of industries in a number of areas including Manufacturing (0.00), Mining, Quarrying, Oil and Gas Extraction (0.12), Finance and Insurance (0.48), Information and Cultural Industries (0.66), Professional, Scientific, and Technical Services (0.68), Administrative and support; waste management and remediation services (0.70), and Agriculture; forestry; fishing and hunting (0.74).



FIGURE 7: TOTAL LABOUR FORCE POPULATION AGED 15 YEARS AND OVER BY INDUSTRY, LOCATION QUOTIENTS, 2011

Industry	Inuvik (vs. NWT)
<b>11 Agriculture; forestry; fishing and hunting</b>	<b>0.74</b>
<b>21 Mining; quarrying; and oil and gas extraction</b>	<b>0.12</b>
22 Utilities	1.42
23 Construction	1.61
<b>31-33 Manufacturing</b>	<b>0.00</b>
41 Wholesale trade	1.39
44-45 Retail trade	0.94
48-49 Transportation and warehousing	0.85
<b>51 Information and cultural industries</b>	<b>0.66</b>
<b>52 Finance and insurance</b>	<b>0.48</b>
53 Real estate and rental and leasing	1.05
<b>54 Professional; scientific and technical services</b>	<b>0.68</b>
<b>55 Management of companies and enterprises</b>	<b>1.72</b>
<b>56 Administrative and support; waste management and remediation services</b>	<b>0.70</b>
61 Educational services	1.21
<b>62 Health care and social assistance</b>	<b>1.38</b>
<b>71 Arts; entertainment and recreation</b>	<b>1.43</b>
72 Accommodation and food services	0.97
81 Other services (except public administration)	1.19
91 Public administration	0.95

Source: Statistics Canada. National Household Survey, Catalogue Number 99-012-X2011052, 2011

Note: **Over 1.25** = High Concentration; **Under 0.75** = Low Concentration



## Business Patterns in Inuvik

A detailed review of the business patterns data for the period between 2008 and 2013 for Inuvik provides a snapshot of the growth or decline of businesses over a five-year period in the Town and the key characteristics that define the Town's business community. When combined with the broader industry analysis, the business patterns information assists in understanding the key industry opportunities for Inuvik to pursue, especially with regards to program development and delivery, and strategic planning. Figure 8 shows that the number of business establishments in Inuvik shrunk by 17 businesses (or 6.6%) between 2008 and 2013. That being said, there were positive gains in a number of industries, most notably in the Public Administration and Transportation and Warehousing industries.

In terms of concentration, the following sectors exhibit the highest concentration of business establishments in Inuvik as of December 2013:

- Transportation and Warehousing (30 businesses, 12.4% of total)
- Construction (27 businesses, 11.2% of total)
- Retail Trade (23 businesses, 9.5% of total)
- Professional, Scientific and Technical Services (21 businesses, 8.7% of total)
- Other Services Except Public Administration (19 businesses, 7.9% of total)
- Administrative and Support, Waste Management and Remediation Services (19 businesses, 7.9% of total)
- Real Estate and Rental and Leasing (17 businesses, 7.0% of total)



FIGURE 8: BUSINESS ESTABLISHMENTS BY INDUSTRY, INUVIK, 2008 & 2013

Industry (NAICS)	2008	2013	%Δ	2013 Concentration
11 Agriculture, Forestry, Fishing and Hunting	4	6	50.0%	2.5%
21 Mining, Quarrying, and Oil and Gas Extraction	5	4	-20.0%	1.7%
22 Utilities	1	1	0.0%	0.4%
<b>23 Construction</b>	<b>35</b>	<b>27</b>	<b>-22.9%</b>	<b>11.2%</b>
31-33 Manufacturing	0	0	0.0%	0.0%
41 Wholesale Trade	13	9	-30.8%	3.7%
<b>44-45 Retail Trade</b>	<b>22</b>	<b>23</b>	<b>4.5%</b>	<b>9.5%</b>
<b>48-49 Transportation and Warehousing</b>	<b>25</b>	<b>30</b>	<b>20.0%</b>	<b>12.4%</b>
51 Information and Cultural Industries	4	4	0.0%	1.7%
52 Finance and Insurance	10	12	20.0%	5.0%
<b>53 Real Estate and Rental and Leasing</b>	<b>20</b>	<b>17</b>	<b>-15.0%</b>	<b>7.0%</b>
<b>54 Professional, Scientific and Technical Services</b>	<b>28</b>	<b>21</b>	<b>-25.0%</b>	<b>8.7%</b>
55 Management of Companies and Enterprises	12	8	-33.3%	3.3%
<b>56 Administrative and Support, Waste Management and Remediation Services</b>	<b>22</b>	<b>19</b>	<b>-13.6%</b>	<b>7.9%</b>
61 Educational Services	3	2	-33.3%	0.8%
62 Health Care and Social Assistance	13	14	7.7%	5.8%
71 Arts, Entertainment and Recreation	4	4	0.0%	1.7%
72 Accommodation and Food Services	10	12	20.0%	5.0%
<b>81 Other Services (except Public Administration)</b>	<b>23</b>	<b>19</b>	<b>-17.4%</b>	<b>7.9%</b>
91 Public Administration	5	10	100.0%	4.1%
<b>Total Economy</b>	<b>259</b>	<b>242</b>	<b>-6.6%</b>	

Source: Canadian Business Patterns, Statistics Canada, December 2008 and December 2013

As seen in Figure 9, small companies and enterprises that employ less than 10 people play an important role in the leading industries in Inuvik. In 2013 (excluding the indeterminate category which are self-employed businesses, which themselves are small enterprises), there were 58 businesses (40% of the subtotal) that employ 1-4 people. An additional 30 businesses (21% of the subtotal) employ 5-9 people.



While roughly 61% of the businesses in Inuvik employ less than 10 people, roughly 5.6% of businesses in the community employ 50 or more employees. These large businesses represent very important economic drivers for Inuvik, and are found across a variety of industries that include:

- Transportation and Warehousing
- Professional, Scientific and Technical Services
- Accommodation and Food Services
- Utilities
- Construction
- Retail Trade
- Health Care and Social Assistance
- Public Administration

FIGURE 9: BUSINESS ESTABLISHMENT SIZE BY INDUSTRY, INUVIK

Industry (NAICS)	December 2013								
	Total	Indeterminate	Subtotal	1- 4	5- 9	10-19	20-49	50-99	100+
11 Agriculture, Forestry, Fishing and Hunting	6	3	3	1	1	1	0	0	0
21 Mining, Quarrying, and Oil and Gas Extraction	4	2	2	1	0	1	0	0	0
22 Utilities	1	0	1	0	0	0	0	1	0
23 Construction	27	12	15	6	3	2	3	1	0
31-33 Manufacturing	0	0	0	0	0	0	0	0	0
41 Wholesale Trade	9	3	6	4	1	0	1	0	0
44-45 Retail Trade	23	7	16	5	5	2	3	1	0
48-49 Transportation and Warehousing	30	18	12	4	4	1	2	0	1
51 Information and Cultural Industries	4	1	3	0	2	1	0	0	0
52 Finance and Insurance	12	7	5	1	1	1	2	0	0
53 Real Estate and Rental and Leasing	17	7	10	5	2	3	0	0	0
54 Professional, Scientific and Technical Services	21	9	12	10	0	0	1	0	1
55 Management of Companies and Enterprises	8	4	4	2	0	0	2	0	0
56 Administrative and Support, Waste Management and Remediation Services	19	7	12	7	3	1	1	0	0
61 Educational Services	2	0	2	1	0	0	1	0	0
62 Health Care and Social Assistance	14	2	12	3	3	4	1	1	0
71 Arts, Entertainment and Recreation	4	1	3	1	2	0	0	0	0
72 Accommodation and Food Services	12	2	10	2	1	3	3	0	1
81 Other Services (except Public Administration)	19	9	10	4	2	3	1	0	0
91 Public Administration	10	4	6	1	0	2	2	1	0
<b>Total Economy</b>	<b>242</b>	<b>98</b>	<b>144</b>	<b>58</b>	<b>30</b>	<b>25</b>	<b>23</b>	<b>5</b>	<b>3</b>

Source: Canadian Business Patterns, Statistics Canada December 2013



## 2.2 The Economy of the Northwest Territories

The economy of the NWT has been in a period of decline or stagnation from 2008 to 2013.<sup>3</sup> Much of this poor economic performance comes from lower market demands for exports, as well as the fact that many of the territory's main economic drivers (particularly mining operations and oil-producing fields) have all long passed their peak production periods and continue to experience lower levels of output as projects draw nearer to their end. Capital investment in the territory also decreased by 7% between 2008 and 2012 and the territory recorded the lowest population growth in Western Canada since 2004.<sup>4</sup>

The future economic prospects for the territory, however, look promising. A number of new resource projects are planned for the NWT over the coming decade that are forecast to bring in more than \$4.5 billion in new investments to the territorial economy. These new investments are mainly tied to the opening of a new diamond mine, three new mineral mines, new oil and gas resources, and the services to support these industries.<sup>5</sup> In addition, a new devolution agreement signed between the GNWT and the Federal Government of Canada on April 1, 2014 ensures that the GNWT will be responsible for regulating and collecting revenues from mining and resource development in the territory.<sup>6</sup> These new resource developments combined with the recent devolution agreement are projected to create a 31% growth in territorial GDP by 2018 (compared to 2012 levels) and contribute to a long string of budget surpluses for years to come.

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<sup>3</sup> Advisory Committee composed of NWT Chamber of Commerce, Northern Aboriginal Business Association, NWT Association of Communities, Canadian Northern Economic Development Agency, and Department of Industry, Tourism and Investment GNWT, "Northwest Territories Economic Opportunities Strategy: Connecting Businesses and Communities to Economic Opportunities"

<sup>4</sup> Department of Industry, Tourism and Investment, Government of the Northwest Territories, "Economic Outlook 2014-2015: Northwest Territories"

<sup>5</sup> Gahcho Kué (De Beer's and Mountain Province Diamonds) - \$650 million, Development of the Jay Pipe (Dominion Diamonds Ekati Mine) - \$500 million +, Nechalacho mine site investment (Avalon Rare Metals) - \$550 million, NICO (Fortune Minerals) - \$226 million, Prairie Creek (Canada Zinc) - \$195 million, Oil and Gas Offshore in excess of \$2 billion, Sahtu Oil and Gas - \$45 million per well, Inuvik – Tuktoyaktuk Highway - \$299 million, Fibre Optic link from Inuvik to the North American Grid - \$60 million

<sup>6</sup> April 1, 2014, the GNWT became responsible for managing public land, water and resources in the NWT (where it was the Federal Government that did this before). Health, education and social services was devolved in the 1970s and 1980s to the GNWT.



FIGURE 10: GDP GROWTH BY INDUSTRY IN THE NWT, 2012-2018

Gross Domestic Product at Basic Prices by Industry (\$2007; Millions)							
	2012	2013	2014	2015	2016	2017	2018
<b>GDP</b>	<b>3,470</b>	<b>3,529</b>	<b>3,589</b>	<b>3,657</b>	<b>3,879</b>	<b>4,358</b>	<b>4,548</b>
<b>Mining</b>	1,006	1,015	969	972	1,128	1,568	1,747
<b>Construction</b>	188	202	245	262	270	236	206
<b>Transportation</b>	240	239	244	252	265	285	292
<b>Trade</b>	294	283	292	302	322	353	365
<b>Finance &amp; Real Estate</b>	448	459	469	477	487	496	505
<b>Educational Services</b>	178	183	187	188	190	191	192
<b>Health/Social Assistance</b>	236	244	250	253	256	259	262
<b>Public Administration</b>	540	552	563	580	583	583	584
<b>Other</b>	341	352	363	371	378	386	393

Source: Statistics Canada CANSIM-Table 379-0028 and Conference Board of Canada, from Department of Industry, Tourism and Investment, Government of the Northwest Territories, "Economic Outlook 2014-2015: Northwest Territories", pg. 15

## 2.2.1 Important Sectors in the NWT Economy

The economy of the NWT is heavily dependent on a healthy mining sector. Led mainly by diamond mining, the mining sector is projected to account for roughly 38% of territorial GDP in 2018 (as seen in Figure 10 above). A successful mining sector also has many positive growth effects on support industries such as retail trade, transportation and warehousing, construction, and finance, real estate and insurance that contribute to family income, employment and population growth associated with new resource developments.

Export and trade also play a large role in the NWT economy. Starting with the fur trade in the 1700's, the NWT economy today relies on the export and trade of diamonds, oil, and tourism (diamonds from the NWT alone contribute almost \$2 billion to Canada's trade surplus). As a result, per capita exports in the NWT today are the highest in Canada, representing \$71,000 per year compared to the Canadian average of \$26,000, and are expected to reach a record total level of \$4 billion by 2016.<sup>7</sup>

<sup>7</sup> Department of Industry, Tourism and Investment, Government of the Northwest Territories, "Economic Outlook 2014-2015: Northwest Territories"



## Other Sector: Tourism

While not considered a major economic driver, the NWT has a growing tourism economy. Visitor spending in the territory for the 2012/2013 fiscal year grew by 6% from the previous year to reach \$106.7 million. The GNWT has invested in a large marketing campaign to continue to bolster the number of visitors to the territory and have been guiding their efforts since 2011 through their strategic plan *Tourism 2015*. The government is currently in the process of updating their strategy to create a *Tourism 2020* plan.

The main segment for tourism spending in the NWT is from business travel (mostly Canadian mining companies and various levels of government), accounting for roughly 45% of all tourism spending. Some of the other main tourism segments are:

- Aboriginal Tourism
- Aurora Borealis Viewing
- Hunting and Fishing
- General Touring (by road)
- Outdoor Adventure
- Visiting Friends and Relatives

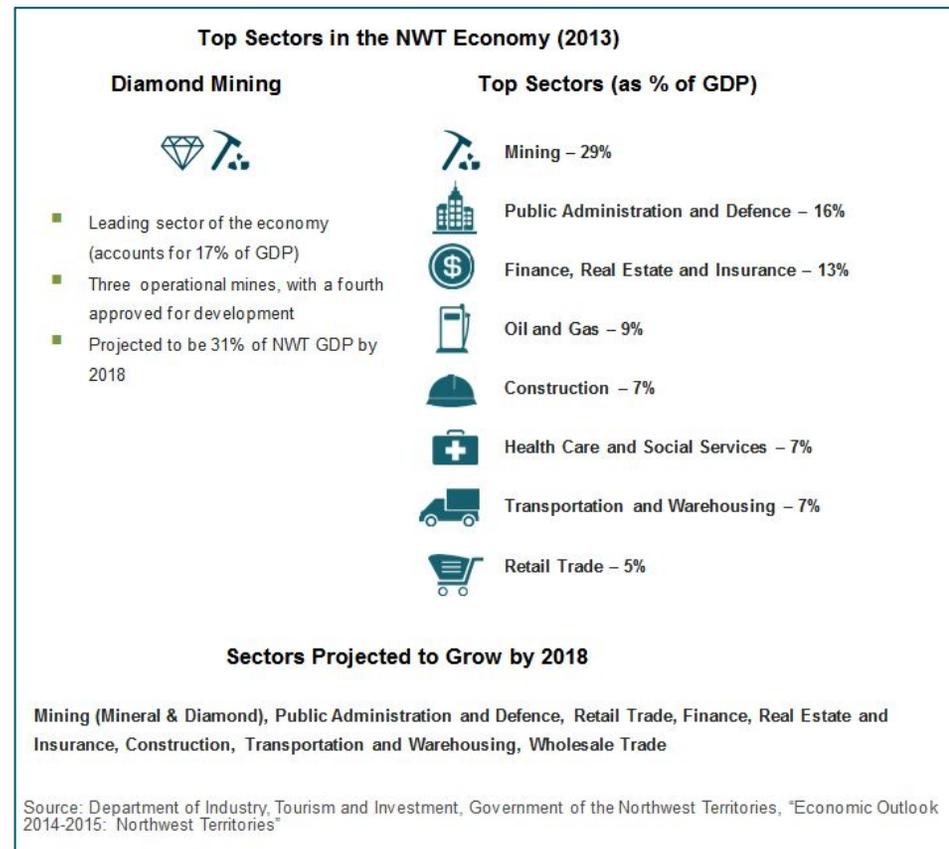




FIGURE 11: VISITOR SPENDING BY SECTOR IN THE NWT, 2008-2013 (\$MILLIONS)

Main Purpose of Travel	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Total Leisure Visitors</b>	<b>55.9</b>	<b>49.5</b>	<b>44.6</b>	<b>52.4</b>	<b>58.6</b>
Aurora Viewing	7.3	7.2	6.4	10.7	15.2
Fishing	17.0	12.6	12.0	12.9	10.6
General Touring	8.3	8.1	9.5	10.9	12.6
Hunting	12.5	10.1	4.3	5.5	5.8
Outdoor Adventure	6.8	6.1	5.8	5.2	6.0
Visiting Friends & Relatives	4.0	5.4	6.6	7.2	8.4
<b>Business Travel</b>	<b>74.6</b>	<b>58.1</b>	<b>49.5</b>	<b>48.5</b>	<b>48.1</b>
<b>Total Spending</b>	<b>130.5</b>	<b>107.6</b>	<b>94.1</b>	<b>100.9</b>	<b>106.7</b>

Source: Advisory Committee composed of NWT Chamber of Commerce, Northern Aboriginal Business Association, NWT Association of Communities, Canadian Northern Economic Development Agency, and Department of Industry, Tourism and Investment GNWT, "Northwest Territories Economic Opportunities Strategy: Connecting Businesses and Communities to Economic Opportunities", pg. 27, adapted by Millier Dickinson Blais

## Other Sector: Arts, Entertainment and Recreation

Accounting for less than 1% of total GDP for the NWT economy in 2013 (contributing \$7 million), the arts, entertainment, and recreation sector is an important source of income for many households. The sector is composed of establishments providing services to meet the cultural needs of patrons, and include the creation of crafts and culturally significant objects. The arts, entertainment and recreation sector is of particular importance for its contributions to the preservation of cultural practices throughout the territory.

It is interesting to note that over the past 5 years demand from emerging economies such as China and Russia have driven fur prices high, reaching the highest average annual trapper incomes since 1992-93. These furs are often incorporated into cultural practices and traditions included in the arts, entertainment and recreation sector.

The arts, entertainment, and recreation sector is projected to grow by 7% between 2013 and 2018.<sup>8</sup>

<sup>8</sup> Department of Industry, Tourism and Investment, Government of the Northwest Territories, "Economic Outlook 2014-2015: Northwest Territories"



## 2.3 Economic Development Initiatives Impacting Inuvik

### 2.3.1 Land Claims Agreements Affecting Inuvik

#### Inuvialuit

The Government of Canada and the Inuvialuit signed the "Inuvialuit Final Agreement" (IFA) on June 5, 1984. In the IFA, the Inuvialuit agreed to give up their exclusive use of their ancestral lands in exchange for certain other guaranteed rights from the Government of Canada. The rights came in three forms: land, wildlife management and money.

- The Inuvialuit would have legal control over their land with ownership of 91,000 square kilometres (35,000 square miles) of land including 13,000 square kilometres (5,000 square miles) with subsurface rights to oil, gas and minerals.
- Furthermore, the Inuvialuit established the right to hunt and harvest anywhere in the claim area, particularly as primary harvesters on certain lands known to be rich in wildlife.

The Inuvialuit are currently taking their negotiations further and began negotiating further self-government with the federal and territorial governments in 2006. A Process and Schedule Agreement (PSA), which outlines the negotiators' work plan and timeline, was signed by all three parties in May 2007.

The Inuvialuit also play an active role in the regional economy of Inuvik through the Inuvialuit Development Corporation (IDC). The IDC are owners, partners in joint ventures, and investors in a number of businesses in the energy services, transportation, manufacturing and industrial, northern services, and management and real estate sectors.

#### Gwich'in

Under the 1992 "*Gwich'in Comprehensive Land Claim Agreement*" (GCLCA), the Gwich'in Tribal Council was granted title to 22,422 square kilometres of land in the Northwest Territories and 1,554 square kilometres of land in Yukon. Included in the NWT lands, the Gwich'in own 6,158 square kilometres of subsurface rights, including mines and minerals that may be found to exist within, upon or under such lands.

The Gwich'in also receive an annual share of resource royalties collected by the Government of Canada from resource developments in the Mackenzie Valley and have guaranteed wildlife harvesting rights such as the exclusive right to harvest fur bearers throughout the Gwich'in Settlement Area.

***There are six Inuvialuit communities:***

- Aklavik
- Inuvik
- Paulatuk
- Sachs Harbour
- Tuktoyaktuk
- Ulukhaktok

***There are four Gwich'in communities:***

- Inuvik
- Aklavik
- Fort McPherson
- Tsiigehtchic



The Gwich'in, the GNWT, and the Federal Government of Canada are currently negotiating a self-government agreement.

The Gwich'in also play an active role in the regional economy of Inuvik through the Gwich'in Development Corporation (GDC). Similar to the IDC, the GDC are owners, partners in joint ventures, and investors in a number of businesses in the energy services, transportation, manufacturing and industrial, northern services, and management and real estate sectors.

## 2.3.2 Completed Strategies & Plans

### Town of Inuvik Integrated Community Sustainability Plan (ICSP) - 2010

The ICSP was developed through a series of community engagement activities to determine a path to sustainability for Inuvik. Some of the motivators for developing the plan included setting criteria for achieving federal funding (funded by Gas Tax Agreement), providing guidelines for town plans, policies and government decision-making, and opening opportunities for innovation and community wellbeing.

By fulfilling the ICSP, Inuvik becomes eligible for infrastructure funding as part of the federal-Northwest Territories "New Deal for Cities and Communities".

Key actions emerging from the ICSP include to:

- Create a healthy, local, sustainable food supply
- Celebrate traditional knowledge and culture
- Increase local employment
- Increase by-law enforcement
- Promote Inuvik as a tourism destination
- Generate a culture of community collaboration and participation
- Become the conference centre of choice for Western Canada
- Become a centre of excellence for the Arctic
- Establish a multiuse Northern Cultural Centre
- Create an equal and healthy community
- Encourage and support outdoor activity
- Town beautification
- Produce and follow a solid waste management plan

#### VISION FOR INUVIK FROM THE ICSP PROCESS

*Inuvik is a healthy, welcoming and culturally proud community that works, shares, and enjoys life: - caring for friends, families and visitors, while striving to live in harmony with nature.*

*As a barometer of climate change, Inuvik is a looking glass for the rest of the world and as such we will endeavor to be a leading example of sustainable innovation.*



## Community Energy Plan (CEP) - 2010

The CEP was developed to reduce energy consumption and greenhouse gas emissions and to increase energy resilience in Inuvik. The CEP was initiated as a requirement from the ICSP process. Key actions emerging from the CEP include to:

- Encourage energy retrofits of existing buildings
- Maintain a compact town centre
- Encourage mixed use development
- Set energy efficiency standards for new buildings
- Develop local energy supply
- Encourage best practices for vehicle energy efficiency
- Create a culture around energy conservation
- Increase knowledge and awareness of alternative energy options

### 2.3.3 Important Sectors and Projects

There are a number of important sectors and projects that help drive the economy of Inuvik or offer opportunity for future gains in the economy.

#### Top Employers in Inuvik

Public administration and health care are two of the top sectors creating employment in Inuvik. Since its beginnings in 1958, Inuvik has grown as an administrative centre for government in the Western Arctic. As of 2011, territorial, federal, and aboriginal government account for almost 21% of total employment in Inuvik.

In addition, Inuvik is home to the only hospital in the Beaufort-Delta region. The Inuvik Regional Hospital is a large contributor to employment in the community through medical and support staff positions.

#### Inuvik to Tuktoyaktuk Highway

“The Road to Tuk” is a 137-km long, two-lane all season gravel highway that has been under construction since early 2014. The road will extend the Dempster Highway to the Arctic Ocean, and will represent the most northern point in Canada’s road network. Construction on the road is expected to be finished by fall 2017/winter 2018, and is anticipated to cost \$299 million (the federal government has pledged to contribute \$200 million).



The road is an important part of Prime Minister Stephen Harper's northern strategy to assert Canadian sovereignty in the Arctic. The Prime Minister was present during the construction kick-off ceremony and sees the road as an opportunity to expand economic development in the region.

The highway is expected to create new opportunities for petroleum exploration in the Beaufort Sea as access becomes easier and costs of exploration go down. Major corporations, such as Imperial Oil are seeking Canadian regulatory approval for potential drilling programs on acreages in the Beaufort Sea with drilling expected to begin around 2020. The new road also has potentially significant implications for the Mackenzie Gas Project, cutting the exploration and development costs of the stalled project.

### **Satellite Receiver Stations**

Inuvik's location in the Polar North makes it a favourable area for the establishment of satellite receiver stations that collect a range of data from satellites orbiting the Earth (including data on weather patterns, mapping, ice conditions, environmental monitoring, security and surveillance, resource development, global warming projects, and shipping information). In general, the paths of Earth mapping satellites change throughout several orbits each day making access to them for long periods of time to download their data difficult. Stations positioned in the Polar North have the advantage that satellites cross the North more frequently than other latitudes, giving northern receiver stations the advantage of having the most exposure to orbiting satellites and therefore giving the most consistent amount of time to download data and high-resolution images from the satellites. An existing hub of satellite receiver station activity in Kiruna, Sweden is a good example of a northern location that has built a substantial part of the local economy on satellite tracking and space innovation.

Inuvik is currently home to two internationally owned satellite receiver stations (for the Swedish and German Space Agencies) with a third satellite dish being built by the Canadian government to fill in gaps in its satellite surveillance network. Growth in the network of satellite receiver stations in Inuvik is expected to increase to six by 2020 (with potential to double that number beyond 2020) as new capacity enhancements for the community (such as the new fibre optic line) are completed. These enhancements combined with Inuvik's accessibility by road and air to national and international destinations and good built infrastructure and capacity in the community, have the potential to make Inuvik a premiere international remote sensing site.

### **Mackenzie Valley Fibre Optic Line**

A new 1,100-1,200 km fibre optic line from Fort Simpson, NWT to Inuvik is currently being constructed with an anticipated completion date for mid-2016. The fibre optic line will greatly increase Inuvik's telecommunications



capacity and high bandwidth accessibility (for internet usage in particular) compared to the existing network of microwave relay towers used to transmit telecommunications along the Mackenzie Valley. The new line will play a significant role in further positioning Inuvik as a desirable place for business and residents and will directly contribute to furthering specific sector potentials (i.e. sending large amounts of data from satellite receiver stations over the internet in particular).

## Tourism

Tourism is one of Inuvik's current target sectors for growth. A large portion of Inuvik's visitor segments come from touring travellers that arrive by road on the Dempster Highway (often adding to trips to Alaska or Yukon). In 2010, about 45-50% of visitors to Dawson City, Yukon, ventured to the end of the Dempster highway and visited Inuvik. Tourism statistics for Inuvik are hard to come by, but a 2013 estimate indicated that 3,750 people visited the Inuvik Visitor Centre (this has to be considered a low estimate of total visitors since it doesn't count people who travel to Inuvik without going to the Centre). Key tourism messages used by Inuvik are based on the cultural experiences in the Arctic as well as the outdoor sporting opportunities (i.e. hunting and fishing).

There is some concern that when the Road to Tuk opens, tourists will bypass Inuvik as a tourism destination and continue to Tuk that is directly on the shores of the Arctic Ocean. There is also optimism that the number of total visitors will increase with the added draw of being able to drive to the Arctic Ocean.

Inuvik is home to a number of community attractions that draw visitors to the community or add to an already planned visit, including:

- The Western Arctic Regional Visitor Centre
- The Dempster Highway (Canada's only public highway that crosses the Arctic Circle)
- The Mackenzie River
- Our Lady of Victory Roman Catholic Church (The Igloo Church)
- The Inuvik Community Greenhouse (most northern greenhouse in North America)
- Special Events including the Great Northern Arts Festival, the Muskrat Jamboree, and the Inuvik Sunrise Festival
- Boot Lake Trail
- The Inuvik Ski Club
- The Ingamo Hall Friendship Centre (largest log building north of the Arctic Circle)



## **Ikhil Gas Project**

The Ikhil Gas Project is a wellhead to burner-tip operation created to supply Inuvik with natural gas from two wells at the Ikhil reservoir, located approximately 50 kilometres northwest of Inuvik on Inuvialuit lands. From its inception, the mini-plant and pipeline were designed to tide Inuvik over until the mega-pipeline from the Mackenzie Gas Project was built.

Unfortunately, the Ikhil reserves are now quite low and the Mackenzie Gas Project has been shelved indefinitely. When the Ikhil reserves first came online, homeowners and businesses rushed to convert furnaces from diesel to natural gas, and the Northwest Territories Power Corp. (NTPC) spent millions to install natural gas power generators in Inuvik. With reserves low, NTPC switched back to diesel, as has the hospital and schools to conserve dwindling reserves at Ikhil. Businesses and residents in Inuvik are now running on synthetic natural gas (SNG) which, with shipping, costs double the price compared to the non-synthetic reserves.

## **Aurora College**

Aurora College's Inuvik Campus offers developmental studies as well as certificate, diploma, and degree programs to mostly Aboriginal students. Approximately 150 full-time students attend the College.

## **Western Arctic Research Centre**

Operated by the Aurora Research Institute, the Research Centre is a hub for scientists researching climate change, wildlife research, and contaminants in the Arctic. Since its opening in 2011, more than 3,000 research projects involving more than 1,500 researchers have been conducted using the Inuvik facility. The Research Centre operates year-round and provides researchers with support services (such as office space, access to a research library, high-speed and wireless internet, laboratory space and equipment, accommodations, storage and freezer facilities, and field equipment). Research and monitoring services can also be provided on a contractual basis, and hiring of local research assistants can be facilitated.

## **Mackenzie Gas Project**

The Mackenzie Gas Project (also known as the Mackenzie Valley Pipeline) is a proposed project to transport natural gas from the Beaufort Sea passing near Inuvik to tie into gas pipelines in northern Alberta. The project was first proposed in the early 1970s but was scrapped following an inquiry that determined the economic benefits of the project would be limited and the social and environmental impacts would be negative.



The project was resurrected in 2004 which has raised concern amongst environmental groups. The pipeline is expected to be 1,220 km long with a cost estimated at \$16.2 billion. Construction of the pipeline could also make it feasible to tap into additional isolated natural gas fields in the NWT.

In 2011, the National Energy Board of Canada approved the pipeline. Construction, however, has not begun and is in doubt due to the low market price of natural gas. Renewed interest has emerged in converting the project to a Liquid Natural Gas (LNG) pipeline and altering the route of the project through British Columbia for export to Asian markets.

The pipeline is owned by a consortium of interests including Imperial Oil (34.4%), The Aboriginal Pipeline Group (33.3%), ConocoPhillips Canada (North) Limited (15.7%), Shell Canada Limited (11.4%) and ExxonMobil Canada Properties (5.2%). The Aboriginal Pipeline Group represents the various Aboriginal groups in the NWT, giving them a stake in the project.

2015 marks the deadline for Imperial Oil to start construction on the project without having to go through another comprehensive review with regulators.

### Special Events & Festivals

Inuvik is home to a number of important special events and festival that contribute to the regional economy (especially as related to the tourism economy). The most important of these events are:

- **The Sunrise Festival** – one of the largest events in the community, this annual festival celebrates the return of the sun after 30 days of darkness in Inuvik. The festival features local food, cultural performances, a craft market, various workshops, a bonfire and fireworks, and a concert sponsored by the Canadian Broadcasting Corporation. The Sunrise Festival is one of the big winter tourism draws to the community.
- **The Great Northern Arts Festival** – this 10 day annual festival brings together artists and performers from across the North to network, promote their art, and to participate in professional development opportunities. The festival has been running for over 25 years and has received significant national and international attention.<sup>9</sup>

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<sup>9</sup> Recognized as one of the Top 25 Festivals in North America by Rand McNally Maps and one of the Top 50 Summertime Events in Canada by the Globe and Mail newspaper.



- **The Arctic Market** – featuring locally made arts, crafts and baked goods for sale. The Arctic Market is one of the larger formal events in the community for local arts and crafts producers to sell their artistic creations directly to the community.
- **The Petroleum Show (currently being changed to the “Arctic Energy & Emerging Technologies Conference & Tradeshow”)** – hosting over 500 high profile participants (i.e. ministers and executives) from across Canada and around the world to discuss key issues and best practices related to natural resource development in the Arctic (especially related to the oil and gas sector).
- **The Muskrat Jamboree** – a four day community event featuring cultural performances, a community feast, community games, traditional skills events, and the annual reindeer crossing.



# Thoughts and Opinions of Business and Community Leaders



Photo courtesy of [www.inuvikphotos.ca](http://www.inuvikphotos.ca)



## 3 Thoughts and Opinions from Business and Community Leaders

A number of consultation activities were used to engage local and regional stakeholders in the creation of *Opportunities Ahead: A Strategy for Economic Growth in the Town of Inuvik*. These consultation activities incorporated perspectives of residents, local municipal staff, local community and business leaders, regional organizations, and territorial and Aboriginal government representatives.

Three outreach activities were used during consultations:

- **Online Survey** - An online survey was distributed by the Town of Inuvik staff to generate input from residents and business and community leaders on economic development opportunities and priorities for Inuvik. The survey was open from December 5<sup>th</sup>, 2014 to January 19<sup>th</sup>, 2015 and generated a total of 51 responses.
- **Focus Groups** – Five focus group sessions were held in the Town of Inuvik on January 12<sup>th</sup> and 13<sup>th</sup>, 2015. Four of these focus groups were organized around a specific sector of importance to Inuvik (i.e. tourism, arts and crafts and local food, northern sciences, and natural resources). The fifth focus group was open to the general public and covered a more general range of conversation specific to issues of importance to the general population in Inuvik.
- **Stakeholder Interviews** – Eighteen telephone interviews were conducted with business and community leaders in Inuvik. These were open-ended interviews each averaging approximately 20-30 minutes in length and were conducted in-person or by telephone.

The main goals for each consultation activity involved generating input on economic development progress in Inuvik over the last number of years, opportunities and challenges for the economy, elements that make Inuvik a good location for business, defining a future vision for the community, and priority action items for the Town of Inuvik into the future.

A summary of those consultation activities is presented in this section.

***For a more detailed look at the questions asked and responses generated from each of the individual consultation activities, please refer to the Background Report.***



## 3.1 Consultation Findings

### Inuvik's Most Important Assets

Consultation participants see a number of strong assets for Inuvik to build from, including:

- **A strong sense of community** and a sense of connectedness to each other and to the land around them. This sense of community has made Inuvik a safe and welcoming place to be.
- **Strong cultural heritage** and diversity within town. There are a variety of local Aboriginal groups and ethnic groups from several parts of Canada and the world in the community.
- **Good Town facilities**, including recreation spaces, accommodation and convention spaces, and a youth centre
- **A diverse ecosystem** surrounding the community (i.e. landscapes, animals, outdoor experiences)
- **Access to hi-speed internet** in town. Upgrades to a fibre optics line will make internet speed even better.
- Good support for the **arts and culture**
- Well situated and set-up to be an **attractive place for professionals** looking to relocate to the North

### Defining a Future Vision for Economic Development in Inuvik

Participants identified a number of future visions for the Town of Inuvik. These individual visions have been amalgamated by common theme and include:

- **A diversified economy** – Inuvik needs to have a range of industries or sectors thriving rather than a specific industry (such as oil and gas). A focus on entrepreneurship and encouraging young people to start a business would help. There is a need to focus on the “small stuff” rather than waiting for the big boom from oil and gas.
- **An increased tourism profile** - Local cultures have a lot to offer visitors through festivals, traditional arts and culture, or special events. Tourism is seen as one way to help diversify the economy, to see population grow, and to improve community spirit. Meetings and conventions are seen as one opportunity worth exploring further in this sector.



- **A thriving cultural landscape with a diversity of backgrounds** – Connected to community development and tourism, there needs to be more support for arts and culture, including aboriginal art forms, literature, and traditional activities. More collaboration between groups within the community needs to happen.
- **Reducing the cost of living** – This was a huge theme identified by almost everyone with respect to utilities such as oil, gas and electricity, or relative to transport, freight, or air-fare. Most people visualized lower costs across many of these areas for the future.
- **Positioning Inuvik as a leader in specific fields** – Leadership could be in habitat development, sustainability, and alternative energy. The Town needs to take strong leadership roles to shape this work to the benefit of the community.
- **Creating stronger community pride, beautification, and support systems** - A large push for community development, with the aim of making Inuvik a more attractive town with more community events (some related to tourism but most for the benefit and entertainment of locals).

### Significant Opportunities for Economic Development in Inuvik

Participants see a number of opportunities for Inuvik to capitalize on, including:

- Creating a **knowledge economy** based on the opportunities associated with international space agencies and new fibre optic investments being made.
- **The Road to Tuk** will bring new opportunities to sell and position Inuvik as a hub of activity (i.e. tourism, deep sea port), but reflects a need to partner with other jurisdictions.
- **Enhancing the role of tourism in the economy** by developing packages and selling them to a broad audience, taking advantage of the (potential) Arctic Winter Games hosting, getting businesses and the community excited to host visitors and cross-promote with each other, promoting Inuvik as a conference and business centre, continuing to grow small local events into larger tourism attractions, product around the opening of the Tuk Highway. A tourism specific strategic marketing plan is needed.
- **Natural resources prospects** of the region are mainly oil and gas, but new opportunities also coming up for gas to liquids projects.
- Inuvik is well positioned to **support broad scientific research opportunities** due to its relative accessibility to the Canadian Arctic, namely daily flights from southern hubs and a year round road to bring equipment. Training for research support workers has taken place that local residents can make a part-time career from, and the amount of research has been increasing over the years.



- **Existing education assets** in a college campus that draws students from Sahtu and Beaufort Delta. The Inuvialuit are rewriting certain curriculums to better train students to fill the labour gaps in the region. Fibre optics will introduce better connections for distance learning, with potential to extend to remote communities, which will reinforce Inuvik's status as a hub community.
- Interest in assessing the feasibility of a **business incubator service** that could support local small businesses with basic business skills (e.g. bookkeeping, administration tasks, office space). This could also work to create more networking opportunities and fellowship between small business owners.
- **Arts and crafts and informal economy traditions** seem to be strengthening. There is a greater variety of locally-made products for sale at local events, and it seems like there is an opportunity for a co-op or online distribution channel. Also, high quality furs are found around Inuvik.

### **Biggest Challenges to Economic Growth in Inuvik**

Participants see a number of challenges or barriers to economic growth in Inuvik that need to be addressed, including:

- The high cost of living (i.e. utilities and energy and groceries) which have begun to drive locals and businesses out of Town
- Local retail businesses cannot compete with online outlets (i.e. larger catalog of products, less expensive, accessible via shipping) which is driving dollars outside of the community
- Tourism has been relatively slow as it is expensive to get tourists into Town and the volume of visitors has not been large enough to spur more focus on the tourism sector
- High unemployment in the community leading to too many young people on income support who then seek opportunities outside of Inuvik
- Businesses struggle to find employees and when they do the commitment from the employee may not be there. Specific skill sets in the community are seen as underdeveloped and it is seen that there are insufficient skills training programs available.
- Population decline



## Priority Areas for the Town of Inuvik to Focus on Over the Next 5 Years

Participants in the consultation activities would like to see the Town of Inuvik focus on a number of areas to ensure the future prosperity of the community, including:

- Supporting the development of more event and meeting hosting. Start by doing three conferences a year in the community to make sure facilities are organized and ready to host.
- Capitalizing on short term tourism products (i.e. Tuk highway opening)
- Continuing support for education and training programs especially as they relate to youth
- Focusing on Beaufort Delta regional tourism messages
- Creating a mentorship program for the community
- Identifying some of the business opportunities present in Inuvik
- Continuing to encourage and promote local business meet-ups (the Town should be present at Chamber meetings)
- Encouraging more cooperation and partnerships with local, territorial, and federal organizations (like CanNor, the GNWT, and Western Arctic Business Development Corporation)
- Encouraging more communication of available entrepreneurship programming in Town (i.e. bringing it into the classroom)
- Focusing on creating more jobs and increasing the number of commercial or industrial businesses in Town
- Attracting new residents
- Making the community look more aesthetically pleasing



# Prioritizing Economic Opportunities



## 4 Prioritizing Economic Opportunities

### 4.1 Strengths, Weaknesses, Opportunities and Threats Analysis

The SWOT Analysis highlights the variety of priority areas for consideration when determining strategic directions for the Town of Inuvik. It is an effective planning tool used to help compare the internal environment and conditions of the town's economy with the external environment around it. The SWOT is based on information collected through background research, stakeholder consultations, and industry insights (as presented in the earlier sections of this report).

In general, the SWOT is characterized in the following terms:

- **Strengths (Positive, Internal):** Positive attributes or assets currently present for Inuvik and its economy
- **Weaknesses (Negative, Internal):** Local issues or characteristics that limit current or future growth opportunities for Inuvik
- **Opportunities (Positive, Internal and External):** Areas where Inuvik can encourage growth
- **Threats (Negative, Internal and External):** Trends that threaten the future of Inuvik's economy or attractiveness to new industry, including local weaknesses or global changes in consumer demand and industry performance

***Please note that the various statements in the SWOT Analysis represent information emerging from participants in the consultation activities and general context of the Inuvik economy. Statements in the SWOT do not necessarily reflect the conclusions or suggestions of the Project Team. Conclusions and suggestions from the Project Team can be found in later sections of this report.***



## 4.1.1 Strengths

### **A Strong Sense of Community**

Inuvik has a strong sense of community that is friendly, safe, and welcoming. Neighbours know each other and work together, and visiting professionals and tourists often express how inviting the community is (usually after being invited to join local residents in their homes).

### **High Levels of Diversity and Cultural Heritage**

There is a strong cultural heritage and diversity within Inuvik. Home to two major Aboriginal groups that are continually expanding their cultural and economic presence in Inuvik, the community is also home to a variety of ethnic groups from several other parts of Canada and the world (such as Muslim immigrants and French Canadians). This diversity and cultural heritage creates a melting pot in Inuvik for new ideas and skills that the community can benefit from.

### **A Hub for the Region**

Inuvik was established from its' beginnings as a federal government hub. The community has continued to develop since that time to become a hub of activity for territorial and Aboriginal governments, a transportation hub for the Western Arctic, and the main headquarters for any oil and gas interests operating in the Beaufort Sea/Mackenzie Delta. This has contributed to such a variety of diversity and skills in Inuvik, differentiating it from other communities of the same size.

### **Recognizable and Growing Events**

Inuvik has a number of important cultural and tourism festivals each year that are important draws to bring people into the community. These festivals (such as the Sunrise Festival and the Great Northern Arts Festival) have grown significantly in popularity from when they first started.

### **Strong Tourism Assets**

Inuvik is well-positioned to grow its tourism economy into the future. World class landscapes, wildlife viewing, and cultural experiences combined with compelling community attractions (such as the Igloo Church, the Dempster Highway, and the ice roads), access to other regional destinations, and comfort amenities (i.e. accommodations, high speed internet, and grocery stores) are some of the assets the tourism sector can build



from. In addition, Inuvik is seen as an “accessible Arctic” experience due to the relative lower cost of travelling to the community compared to other more remote communities in the Canadian Arctic.

### **Excellent Recreation Facilities**

The recreation facilities that are in Inuvik are fantastic for a community of Inuvik’s size. These facilities offer a range of activities and programming that many communities throughout the rest of Canada would dream about.

### **An Attractive Place for Professionals Looking to Relocate to the North**

Inuvik has a number of attractive assets that draw professionals to the community who are looking to relocate to a northern environment. Access to hi-speed internet (with fibre optic on the way), support for arts and culture, cultural diversity, excellent recreation facilities, and well established links to other communities in the Canadian north and south are but a few of the selling features that differentiates Inuvik from other northern communities.

## **4.1.2 Weaknesses**

### **Labour Force Challenges**

Organizations throughout Inuvik are having difficulty finding the right employees to fill posted positions. While there are unemployment issues in the community, employers are finding it difficult to hire because of a lack of commitment to the job by some employees, missing skill sets, or transient populations of people that do not stay in the community long-term. These challenges have led to labour shortages in many organizations in Inuvik.

### **Low Uptake for Existing Business Support Programming**

While there are a number of business support programming services available in Inuvik, many of these programs go underutilized by the general population. Concerns that these services are not designed appropriately to connect with the local population in Inuvik as well as a lack of outreach by the implementing organizations are two potential causes of this low uptake.

### **Lack of an Entrepreneurial Spark**

While there is a general sense in Inuvik that there are many business opportunities to be had, there is a general lack of an entrepreneurial spark in the community. Business support programming goes underutilized and there are few opportunities to engage in mentorship programs or business forums with already existing entrepreneurs.



Some believe this may be the result of a complacent atmosphere generated by the large number of employees working for various levels of government in the community.

### **Unemployment in the Community**

Unemployment in the community has been growing for the past number of years. In particular, there are many young people relying on income and housing support who then seek employment opportunities outside of Inuvik. Some have argued that due to the high cost of living in the community and the structure of the income and housing support programs that people have an incentive to remain unemployed to benefit from the subsidized costs of living offered by these programs.

### **Tourism Volumes are Low**

While growing, the overall number of tourism visitors to Inuvik is low. As a result, some think that there is not enough tourism volume to spur more focus on the tourism sector. This leads to fewer new tourism businesses starting even though there is capacity in the community to host a greater numbers of visitors.

### **Aesthetically Unappealing Downtown Core**

The downtown core of Inuvik has many noticeably empty buildings facing areas frequented by tourists. These buildings either have windows that are boarded up or have removed elements (such as a staircase) that make the building non-functional. These factors create an unappealing aesthetic that is likely hurting the tourism experience of visitors to the community.

### **Widening Role of Inuvik's Economic Development and Tourism Manager**

Inuvik's Economic Development and Tourism Manager (EDTM) has a responsibility for both the economic development and tourism portfolios for the community. In the current manifestation of the role, the EDTM is bogged down with organizing logistical tasks for the various events in the community (such as the Mayor's Golf Tournament or ordering glow sticks for the Sunrise Festival). These relatively constant logistical demands diminish the impact the EDTM can have on strategic initiatives including developing new tourism packages, engaging the business community, attracting new investment, and working with the media.



### 4.1.3 Opportunities

#### Space Satellite Technology

Based on its position in the north, weather patterns, and accessibility, Inuvik has an opportunity to become a hub of satellite tracking for a number of different European space agencies. This opportunity brings with it a chance to re-orient the local economy towards more knowledge based industries such as data management and processing as well as satellite and space technology and operations management. The incoming fibre optic line for Inuvik will further position the community to engage in knowledge based work that can be done within Inuvik and sent to anywhere in the world.

#### Capitalizing on the Road to Tuk

The Road to Tuk will create a direct year round link between Inuvik and the Arctic Ocean. This link has the potential to play a significant role for the economy of Inuvik in a number of ways, most especially from increases in the number of tourists to the region wanting to visit the Arctic Ocean, more direct access to oil and gas reserves and potential operations in the Beaufort Sea, and other economic developments impacting the region (such as a potential deep sea port in Tuk).

#### Raising the Profile of Tourism

Tourism in Inuvik has grown significantly over the past number of years. With significant existing tourism assets in the community and a relative ease of access to Arctic experiences, Inuvik is well-positioned to continue to see growth in the tourism sector. Capitalizing on the potential for Inuvik to become a conference and meeting destination, the potential hosting of the Arctic Winter Games, creating tourism marketing partnerships for the Beaufort Delta region as a whole, and the continuing to benefit from the increasing profile of certain community events and festivals are good opportunities for Inuvik. The tourism sector as a whole in the community would benefit from the creation of a Tourism Strategic Marketing Plan.

#### Natural Resources Potential

The opportunities associated with the oil and gas sector in the Beaufort Sea are undeniable. While the reserves are there, a series of conditions have persisted to stall access. Despite this, the oil and gas sector remains a strong potential opportunity for Inuvik. Other natural resource opportunities such as gas to liquids offer potential new directions for Inuvik to capitalize on, especially as nearby provinces (i.e. British Columbia) start developing more infrastructure to support the industry.



## **Scientific Research**

Inuvik has an already established network of scientific research capabilities to build from. Scientific licences to study in Inuvik have been on the rise in recent years, with a variety of unique testing conditions and ecosystems drawing researchers to the community (i.e. cold weather testing and Arctic ecosystems). These unique conditions are complimented by the existing (and improving) built infrastructure in Inuvik to support research, such as high speed internet, year round access to the community by road, easy access to the community from research centres in the south, and available facilities for rent with accompanying trained staff. Combined with Inuvik's rising tourism profile and ability to host meetings and events, the community is well positioned to become a centre for Arctic research conferences.

## **Well-Positioned Educational Institutions**

Inuvik has educational institutions capable of drawing students to the community from throughout the region. With new opportunities emerging in the community around northern sciences and research, satellite tracking, and potential natural resource extraction, these educational institutions have an opportunity to link their curriculums with the knowledge and training needed in these industries. Creating a centre of northern education excellence in Inuvik would draw more people to the community from throughout all of northern and southern Canada. New distance learning opportunities may also emerge with increasing capacity from the new installation of the new fibre optic line.

## **Small Business Development**

There is a sense within Inuvik that there are a number of small business opportunities waiting to be realized that just need someone willing to take advantage of the opportunity (e.g. entertainment facilities, recycling plant). There are also a number of small business support programs available through the GNWT or other business organizations available to small businesses and entrepreneurs. These two elements, however, are not often connecting. There is a real need for new partnerships and support structures to be created to enhance the role of existing programs and to encourage small business opportunities to be realized. Things like a mentorship program for entrepreneurs or a business incubator service (providing administrative support, office space, and peer networking) have the potential to fill this need.



#### 4.1.4 Threats

##### **Cost of Living & Operating a Business**

The price of utilities, heating, transportation (to and from), and groceries is extremely high in Inuvik. These high prices have driven a number of residents to leave the community and a number of smaller businesses to close. Those businesses that have remained open are largely focused on maintaining what they already have with little to no plans for expansion.

##### **Retail Spending Leakage**

Retail spending in Inuvik has been decreasing for a number of years. Many residents have taken to online shopping to capitalize on a broader selection of products that are less expensive relative to shopping locally and that can be shipped straight to the community. The reduced population of transient oil and gas employees is also seen as a potential cause of the decrease in the local retail industry.

## 4.2 Sectors Creating Economic Growth in Inuvik

Strong economic development strategies build upon the unique assets and resources of a community, communicating those characteristics to potential investment and development partners to demonstrate unique value propositions. Growing numbers of entrepreneurial 21<sup>st</sup> century communities use local advantages to spur innovation, investment and job creation, while retaining their cultural and environmental assets.

While combining these trends in the economy, the selection of economic development opportunities is rooted in the philosophy that initiatives must ultimately increase the total wealth within a community. This is accomplished in two ways:

### **1. Export Development – any initiative that brings new money into the community**

- Starting/attracting a business that sells products/services outside the community
- Attracting visitors who then buy local products/services
- Encouraging existing business to sell their product/service outside the community.



## 2. Import Substitution – any initiative that keeps money in the community

- Encourage people and businesses to buy their goods/services locally rather than importing them from another community
- Starting or attracting new businesses that recognize the leakage and provide a product/service to stop it.

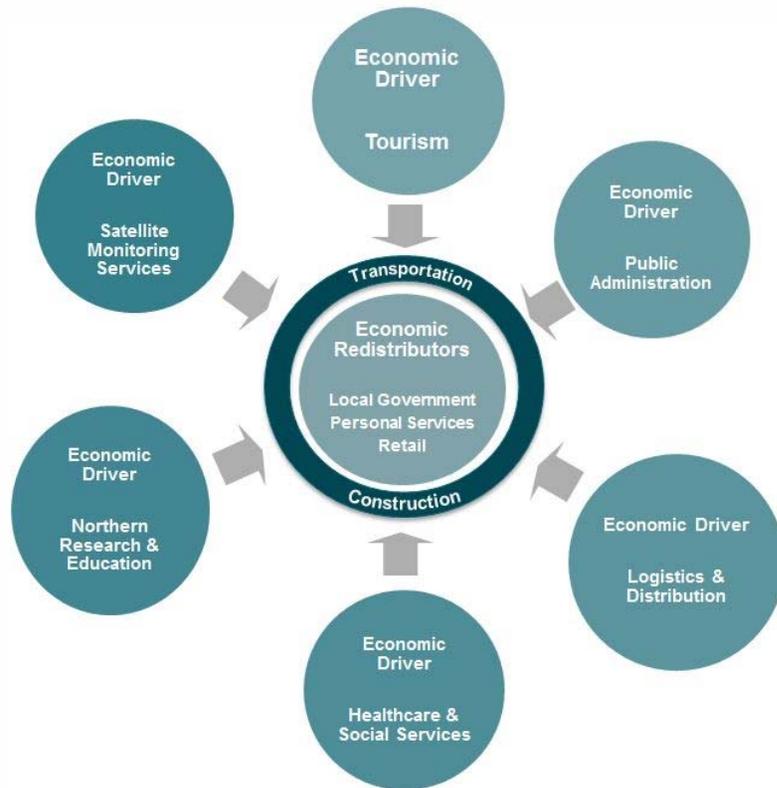
**Export development and import substitution activities bring in the wealth. Other activities are redistributors – they circulate the money within a community. Strong economies bring in new money and then keep it in the community as it moves from business to business.**

These two philosophies form the fundamental direction for economic development programs. If economic development programs are meant to increase wealth in the community (and for the community) then initiatives should be directed to improving export development (primarily) and improving import substitution (secondarily).

The concept above is profiled in the accompanying figure. The circles on the outside represent sectors that are “driving” wealth into the Town of Inuvik. The businesses in the sectors in the centre benefit from this economic stimulus and keep wealth circulating in Inuvik. In strong economies, this wealth changes hands many times before it is spent outside. The impact of these drivers and subsequent circulation is job creation, property investment, and local taxation.



FIGURE 12: CURRENT ECONOMIC DRIVERS AND REDISTRIBUTORS FOR THE TOWN OF INUVIK



## 4.3 Guiding Principles for Economic Development in Inuvik

Through the consultation and research activities conducted for this project, a series of principles have been articulated by the community and adopted by the consulting team to guide the setting of priorities.

1. Diversifying the local economy and composition of businesses



2. Supporting small business growth and entrepreneurship
3. Improving residents' quality of life by decreasing cost of living and enhancing amenities
4. Focusing the Economic Development Department's operations on high value initiatives
5. Alignment with territorial and regional initiatives, funding programs and incentives
6. Increasing employment opportunities for Inuvialuit, Gwich'in and Métis
7. Attracting visitors

## 4.4 Focusing Inuvik's Economic Development Priorities

Building on the economic drivers and redistributors in the Inuvik economy, five priority areas have been identified that have the greatest potential of creating positive economic impact in Inuvik over the coming years. These five priority areas are outlined in Figure 13 and will be the focus of action plans in the following sections.

FIGURE 13: FOCUSING INUVIK'S ECONOMIC DEVELOPMENT PRIORITIES





## 4.5 Clarifying Economic Development Services Delivery in Inuvik

The alignment between the five priority areas for positive economic impact in Inuvik (presented above) and priorities set out by the Town of Inuvik in its Integrated Community Sustainability Plan and the GNWT's NWT Economic Opportunities Strategy are presented in Figure 14. This comparison between existing priorities highlights the strong overlap and potential support the Town of Inuvik may find from regional partners for *Opportunities Ahead: A Strategy for Economic Growth in the Town of Inuvik*

FIGURE 14: ALIGNMENT OF INUVIK ECONOMIC DEVELOPMENT STRATEGY PRIORITIES WITH OTHER STRATEGIES

Economic Development Priority	Strategic Guiding Principles	Inuvik Integrated Community Sustainability Plan Priorities	NWT Economic Opportunities Strategy Priorities
<p><b>Small Business and Entrepreneurship</b></p>	<ul style="list-style-type: none"> <li>■ Diversifying the local economy and composition of businesses</li> <li>■ Supporting small business growth and entrepreneurship</li> <li>■ Alignment with territorial and regional initiatives, funding programs and incentives</li> <li>■ Increasing employment opportunities for Inuvialuit, Gwich'in and Métis</li> </ul>	<ul style="list-style-type: none"> <li>■ Increase local employment</li> <li>■ Generate a culture of community collaboration and participation</li> </ul>	<ul style="list-style-type: none"> <li>■ Stimulate investment</li> <li>■ Develop the NWT's transportation &amp; communications infrastructure</li> <li>■ Encourage and grow domestic markets for NWT products</li> <li>■ Strengthen the operating environment and government programs and services for regional businesses and entrepreneurs</li> <li>■ Create a strong voice for NWT business</li> <li>■ Enhance opportunities for workforce training and education</li> <li>■ Link residents to career opportunities in the NWT</li> <li>■ Increase awareness of employment opportunities and expectations</li> </ul>



Economic Development Priority	Strategic Guiding Principles	Inuvik Integrated Community Sustainability Plan Priorities	NWT Economic Opportunities Strategy Priorities
<b>Natural Resources</b>	<ul style="list-style-type: none"> <li>■ Supporting small business growth and entrepreneurship</li> <li>■ Improving residents' quality of life by decreasing cost of living and enhancing amenities</li> <li>■ Focusing the Economic Development Department's operations on high value initiatives</li> <li>■ Alignment with territorial and regional initiatives, funding programs and incentives</li> </ul>	<ul style="list-style-type: none"> <li>■ Increase local employment</li> <li>■ Promote Inuvik nationally and globally</li> <li>■ Protection and Management of Natural Resources</li> </ul>	<ul style="list-style-type: none"> <li>■ Attract major projects and investment to the NWT</li> <li>■ Foster exploration and support geoscience</li> <li>■ Increase participation in resource development</li> <li>■ Develop the NWT's energy, transportation &amp; communications infrastructure</li> </ul>
<b>Northern Sciences</b>	<ul style="list-style-type: none"> <li>■ Diversifying the local economy and composition of businesses</li> <li>■ Supporting small business growth and entrepreneurship</li> <li>■ Focusing the Economic Development Department's operations on high value initiatives</li> <li>■ Attracting visitors</li> </ul>	<ul style="list-style-type: none"> <li>■ Increase local employment</li> <li>■ Promote Inuvik nationally and globally</li> <li>■ Become a centre of excellence for the Arctic</li> </ul>	<ul style="list-style-type: none"> <li>■ Attract major projects and investment to the NWT</li> <li>■ Develop the NWT's transportation &amp; communications infrastructure</li> </ul>



Economic Development Priority	Strategic Guiding Principles	Inuvik Integrated Community Sustainability Plan Priorities	NWT Economic Opportunities Strategy Priorities
<b>Tourism</b>	<ul style="list-style-type: none"> <li>■ Diversifying the local economy and composition of businesses</li> <li>■ Supporting small business growth and entrepreneurship</li> <li>■ Focusing the Economic Development Department's operations on high value</li> <li>■ Attracting visitors</li> </ul>	<ul style="list-style-type: none"> <li>■ Increase local employment</li> <li>■ Become the conference centre of choice for Western Canada</li> <li>■ Develop tourist packages that invite people to experience opportunities to enjoy nature, culture, arts and crafts and other unique activities based in Inuvik</li> <li>■ Promote Inuvik nationally and globally</li> <li>■ Promote Inuvik as a year-round tourist destination</li> <li>■ Town beautification</li> <li>■ Celebrating traditional knowledge and culture</li> </ul>	<ul style="list-style-type: none"> <li>■ Develop the NWT's transportation &amp; communications infrastructure</li> <li>■ Increase opportunities in tourism, the arts, and the traditional economy</li> </ul>
<b>Arts and Crafts and Local Food</b>	<ul style="list-style-type: none"> <li>■ Attracting visitors</li> <li>■ Alignment with territorial and regional initiatives, funding programs and incentives</li> <li>■ Supporting small business growth and entrepreneurship</li> <li>■ Increasing employment opportunities for Inuvialuit, Gwich'in and Métis</li> </ul>	<ul style="list-style-type: none"> <li>■ Create a healthy, local, sustainable food supply</li> <li>■ Develop tourist packages that invite people to experience opportunities to enjoy nature, culture, arts and crafts and other unique activities based in Inuvik</li> <li>■ Celebrating traditional knowledge and culture</li> </ul>	<ul style="list-style-type: none"> <li>■ Increase opportunities in tourism, the arts, and the traditional economy</li> </ul>



## 4.6 Interpreting the Action Plans

The following sections provide a series of action plans which directly support the economic development priorities described above. These actions plans should be interpreted in the following context.

### Timing and Priority

In the actions tables to follow, the level of priority has been based on several criteria including:

1. The level of immediacy based on the Town's economic development objectives
2. The potential to contribute to the overall economic vitality and sustainability of Inuvik
3. The resources required (i.e. the capacity to implement given the current state)

The priority level assigned to each action item also corresponds to a specific timeframe. The time frame for each priority level may be operationalized as:

- Highest – immediately
- High – within a year
- Medium – within 3 years
- Low – 3-5 year

### Performance Management

Performance measurement is a tool to determine how well a job has been done using both qualitative and quantitative information and activities. The following reasons make it important to track activity and performance:

- Providing public accountability
- Assisting with human resources management
- Using results to improve performance
- Identifying the return on investment

An effective economic development office must measure and communicate these results.

Unfortunately, performance measurement in economic development is not a common practice. This is something of an unacceptable situation and is slowly changing as economic development professionals see the merits in tracking performance so they can improve their operations. To a large degree though, they are



reacting to negative circumstances – only tracking because their stakeholders are forcing them. Governors of municipal dollars cannot be blamed, however, as they are being increasingly pressured by their constituents to do more with less.

Below each of the action plans are several performance metrics. It is recommended that the Town carefully consider each metric before their application. A couple questions to consider before their use include:

- Is there enough information to consistently inform this metric over time?
- Are there enough resources to consistently monitor the metric?
- Does the metric effectively demonstrate the success or failure of the action?

If any of these questions cannot be answered with a definite “yes” than the Town should consider a different measure.



# Priority Opportunity: Natural Resources





# 5 Priority Opportunity: Natural Resources

## 5.1 Sector Characteristics

The natural resources sector can be divided into three subsets:

- Energy
  - Wind
  - Solar
  - Hydro-kinetic
  - Biomass
  - Oil and gas (petroleum)
- Renewable
  - Fishing
  - Wild/farmed meats
  - Trapping
  - Forestry
  - Non-timber forest products
- Other non-renewable
  - Mining
  - Quarrying

### Energy

Inuvik is surrounded by a wealth of petroleum resources, with 59 discoveries in the Beaufort-Mackenzie Basin as of 2012. Offshore oil and gas has also been drawing attention due to the significant quantities that are anticipated to be found in the Beaufort Sea.

Devolution has recently brought about changes with respect to how oil and gas leases are issued and how they are regulated. The GNWT became responsible for the administration of onshore oil and gas interests in the NWT in 2014, including the Inuvialuit and Gwich'in Settlement Regions. (Interests issued in offshore oil and gas



will remain the responsibility of Aboriginal Affairs and Northern Development Canada (AANDC.) The GNWT is now the regulator for onshore within the NWT, not including the Inuvialuit Settlement Region and excluded sites. The National Energy Board will continue to be the regulator for trans-boundary pipelines, excluded sites, and in areas under AANDC jurisdiction. The GNWT's Petroleum Resources division is based in Inuvik and “develops and delivers policy, programs and services related to petroleum resource exploration and development. It manages land tenure associated with petroleum resource development, the registration of petroleum resource rights and the Environmental Studies Research Funds.”

Oil and gas extraction contributed \$335 million chained (2007) dollars to the NWT's GDP in 2013, down 12.7% in 2012, offset somewhat by increases in petroleum costs, but largely reflecting a decline in producing reserves. Discovered resources in the Beaufort-Mackenzie region are thought to exceed one billion barrels of oil and ten trillion cubic feet of natural gas.

FIGURE 15: DISCOVERED AND ULTIMATE RECOVERABLE RESOURCES IN THE NWT

Region	Discovered Recoverable Resources		Ultimate Recoverable Potential	
	Oil (Million Barrels)	Natural Gas (Billion Cubic Feet)	Oil (Million Barrels)	Natural Gas (Billion Cubic Feet)
Arctic Islands	12	3,720	1,206	22,712
Beaufort Sea	616	4,705	3,854	23,832
Mackenzie Delta	248	6,282	1,211	21,983
Mainland	306	1,535	604	12,639
<b>Total</b>	<b>1,182</b>	<b>16,242</b>	<b>6,874</b>	<b>81,166</b>

Source: INAC, NORTHERN CANADA DISTRIBUTION OF ULTIMATE OIL AND GAS RESOURCES, March 2009

Over the past decade, large-scale unconventional gas developments in regions of North America closer to pipeline infrastructure have resulted in an abundance of natural gas supply and correspondingly low natural gas prices. This has had an adverse effect on the Mackenzie Gas Project (MGP). One estimate is that the MGP will cost a total of \$16.2 billion: \$7.8 billion for the pipeline, \$4.9 billion for the development of the anchor fields, and \$3.5 billion for the gas-gathering system. With the abundance of natural gas, low natural gas prices, challenges associated with developing pipeline infrastructure, and a sudden decline in oil prices in late 2014, some industry analysts are openly speculating that the MGP has little chance of being developed within the next decade. This poses challenges for Inuvik, where many businesses have been planning on the construction of



the project or have been participating in exploration-related activities. Some, including the territory's Premier, are hoping that challenges associated with developing pipeline infrastructure in southern Canada and the United States may turn the sector's eyes northwards, although as the MGP shows, pipeline infrastructure planning seldom happens quickly.

Ironically, in spite of the local abundance of fossil fuels, the resource remains stranded and Inuvik finds itself in the midst of an energy crisis. In December 2012, the Interdepartmental Energy Coordinating Committee of the GNWT, which contained representation from: the departments of Environment and Natural Resources, Industry, Tourism and Investment (ITI), Public Works and Services, the NWT Energy Corporation Ltd (NT Energy), NTPC, the Arctic Energy Alliance (AEA), and included contributions from the Aurora Research Institute, published a *Concept Study of Inuvik Energy Supply Options*<sup>10</sup>, which explains:

"Inuvik has benefited from a supply of local natural gas since 1999 when the Ikhil well was developed. The well was expected to provide gas for a minimum of 15 years but is now nearly depleted after 13 years. As a result, the Town is currently facing a gas shortage and significant uncertainty about the remaining life of the existing well.

In January 2012, the NTPC stopped using natural gas as the primary fuel for electricity generation in Inuvik and began using diesel to extend the life of the Ikhil well. Inuvik Gas Limited examined a number of options but settled on a mix of propane and air, referred to as synthetic natural gas (SNG), which is now being injected into the gas distribution system for customers.

The switch to diesel for electricity and SNG for heating is largely complete and will burden the GNWT with significant costs in the range of \$27 million to pay for higher electricity fuel costs, the conversion of natural gas generators to operate on diesel, and the construction of storage for SNG. SNG is almost double the cost of natural gas."

Interviews with local businesses and residents indicated that the current cost of power is driving away residents and making it difficult to do business (due to a combination of increased expenses and a smaller customer base). Seeking alternatives for space heating and power generation, the Interdepartmental Energy Coordinating Committee assessed the current power requirements as well as several potential energy sources (solar, wind, LNG, diesel, and wood pellet biomass). The report states that:

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<sup>10</sup> <http://ntenergy.ca/wp-content/uploads/2013/03/Inuvik-Energy-Options-FINAL-DRAFT-V14-Dec-18-20123.pdf>



“Inuvik currently has an average power demand of about 3.22 megawatts (MW) and an annual energy requirement of about 28,200 megawatt hours (MWh). Between 2006 to 2011, May, June, and August were the months with lowest electricity sales, and demand frequently dipped as low as 2.0 MW. The growth in electricity sales over the same period was 0.6% per year. Peak demand during these months was typically around 4 MW. November was the month with highest electricity sales, and peak demand commonly hit 5.1 MW. The highest peak ever recorded for Inuvik was 5.8 MW in February of 2008.

Inuvik’s demand for natural gas, excluding that used for electricity, is about 350,000 gigajoules per year. The majority of this is used for space heating, while some is used for water heating, cooking, and industrial uses. An Inuvik building inventory completed by the AEA in early 2012 showed that natural gas provided approximately 93% of Inuvik’s heating energy requirements. The remainder of the energy is supplied mostly by heating oil and wood. For the purposes of this study, it (was) assumed that natural gas provided for 90% of Inuvik’s heating energy requirements.

The NTPC power plant has three natural gas-fired generators with a total capacity of 7.7 MW and three diesel generators with a total capacity of 5.72 MW.<sup>15</sup> Two of the three natural gas generators are being converted during the winter of 2012/13 to operate on diesel. The marginal cost of producing electricity from diesel including fuel and incremental maintenance costs is currently \$0.35/kWh.”

With respect to biomass (wood pellets), the report explains:

“The first use of bulk wood pellets in several NWT communities occurred because of investment in pellet boilers by the GNWT, and this investment has initiated the creation of local supply companies. If a local delivery company were born in Inuvik, it would likely invest in a pneumatic truck, which would open the door for customers who could not provide space for a Super-B load of pellets.

The GNWT could encourage wood pellet heating by installing pellet boilers at one or more large buildings, and thus foster the creation of a local pellet delivery company. The analysis shows that conversion of some very large buildings provides economic savings even when compared to the potential supply of LNG at costs lower than SNG. The impact of the conversion of large buildings to pellets should be analyzed when further exploring conversions to LNG. The GNWT could investigate the possibility of converting large buildings to pellets, as large buildings would provide the greatest savings compared to other energy sources.”

During stakeholder interviews in Inuvik, it was asked if biomass could be sourced and pelletized locally. With respect to forest resources, the area immediately surrounding Inuvik has not been inventoried, with the latest,



nearest inventories being conducted around Fort McPherson and between Fort McPherson and Aklavik between 1986-1991 and 1994-1997, respectively. Slow biomass growth rates mean that large-scale commercial forestry operations are highly unlikely in the region. Other faster-growing biomass sources, such as willows, have been suggested as an option for pellet production, although the high water content of willows may prove to be an obstacle for this use. Further study would be required to determine if local biomass would be an economical option.”

The report concludes that:

“LNG is the only option analyzed that can provide the base electricity requirements for Inuvik and is the only heating option that would not require significant capital expenditures by each individual building owner. LNG would provide fuel for both electricity and heating at a cost lower than the base case but the storage requirements needed to meet heating demand are significant and require further analysis for site selection, security of supply and cost. Biomass would provide energy for heating at a cost lower than that of SNG, but when compared to the energy price of LNG, the high cost of converting to wood pellets for heating results in little or no economic savings for most buildings. LNG would provide a 16% overall reduction in greenhouse gas (GHG) emissions from Inuvik, while wood pellets would provide a 12% overall GHG reduction if they were to provide 25% of heating requirements.

SNG, diesel, LNG, and wood pellets all carry a notable price risk and supply risk because they are international commodities and are reliant on long-distance transportation. The price of diesel is expected to increase most quickly of the four fuels. The price of wood pellets is expected to increase on par with inflation, while those of LNG and SNG are expected to increase slightly compared with inflation.

NT Energy is currently developing an LNG supply chain in Inuvik. Expectations were that by mid-2014, nearly 65% of Inuvik’s electricity demand would be met by LNG, displacing diesel and reducing costs and GHG emissions. Others have observed that trucked gas does not necessarily result in energy security, as local storage is limited and difficulties along the highway system may delay or halt supply. While energy producers are focused on importing energy, others are hoping local alternatives (such as a micro-LNG plant or on-site electricity generation) may be found, or that wind, solar, geothermal and/or hydro-kinetic potential can be explored.



Geothermal potential in the Inuvik area is rated as “medium low” by the GNWT<sup>11</sup>.

Wind and solar were also explored by the Interdepartmental Energy Coordinating Committee, who concluded that:

The wind project at the Storm Hills site would provide significant GHG reductions and is recommended over the solar project. The wind project would require a smaller subsidy, would create greater GHG emissions reductions, and produce more electricity. Both projects carry minimal long-term price risk because they are not reliant on long-distance transportation or imported fuels.”

Inuvik has a load profile and power plant large enough to accommodate an intermittent source of power like wind. According to the GNWT’s December 2013 *Energy Action Plan*, “data from Environment Canada’s Storm Hills weather station indicates an average annual wind speed of 6.7 metres/second. At 75 metres in height, the average speed could be 8 metres/second, which would be considered a world-class resource. The primary challenge is that the project is located 60 kilometres from the nearest power connection in Inuvik and would require a 17-kilometre access road. The project would cost about \$29 million dollars and require a \$1.3 million subsidy to compete with current electricity rates. However, if the project was developed in coordination with the development of the Inuvik to Tuktoyaktuk highway, the access road could be reduced to 3 kilometres, which would help reduce costs. Establishing an anemometer (wind monitoring) tower is the first step, followed by detailed feasibility analysis.”

An Inuvik Wind Energy Pre-feasibility Analysis Summary published in March 2012 indicates that for a small subsidy, 18.5% of Inuvik’s annual load can be met with a 1.8 megawatt (MW) turbine. Increasing the wind project size to a 4 MW capacity and including the full costs of power lines and roads, would produce electricity at a cost of about \$0.38 per kWh at Caribou Hills and about \$0.36 per kWh at Storm Hills. At this scale wind would be cheaper than the diesel savings (\$0.39 per kWh).”

Subsequent to the Interdepartmental Energy Coordinating Committee’s report, consulting engineer JP Pinard identified a location closer to Inuvik that is expected to be able to have a better economic case than Storm Hills. Testing is currently underway. Additional wind research is supported by the Territory’s energy strategy, which states that they will “continue to monitor the local wind regime, and investigate avenues for decreasing the cost

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<sup>11</sup> Northwest Territories Energy Facts – Geothermal Energy Resources, GNWT, 2012



of required infrastructure needed to make the project a success. A second wind monitoring tower will be erected in the Inuvik area located about 6 kilometres North East of the community airport.

If it is not replaced by the location closer to Inuvik, the Storm Hills project would require three to six years for development.

The GNWT has also indicated that it will work with researchers from the Institute for Sustainable Energy, Environment and Economy at the University of Calgary to develop a suite of comprehensive key performance indicators for energy. This will help the GNWT monitor the progress of its energy policies and improve future decision-making processes.

## **Renewable**

Agriculture, forestry, fishing and hunting contributed \$29.2 million chained (2007) dollars to the NWT's GDP in 2013, up 3.9% from 2012. In addition to the territory's GDP, subsistence hunting plays an important role in the community. A 2009 traditional harvesting survey conducted by the GNWT indicates that 25% of Inuvik households consumed 50% or more of their meat and fish obtained through hunting or fishing. While this figure is less than half of the next lowest community in the Beaufort Region and more than a third less than Fort McPherson, owing to the relative urban-ness of Inuvik, it is still indicative of the large contribution that land-based harvesting makes to Inuvik's economy.

## ***Trapping***

Until the 1930s, fur was the NWT's most important export, when the Great Depression hit and the territory moved to non-renewable resource exports. According to Statistics Canada:

“From 1970 to 1987, the fur industry was stable, with average sales of 4.6 million pelts per year, nationally. Over the next three years, however, as animal rights activists raised concerns about the fur industry's practices, pelt production fell 62% to a low of 1.7 million in 1990.

In the years following the collapse, the production and value of pelts fluctuated as the industry tried to find new markets. Since 1998, the total sales for fur pelts have more than doubled, reaching \$103.6 million in 2003. Total pelt production, however, increased only slightly during this period. The big difference was the increase in the average value per fur pelt, which almost doubled to \$43.49 in 2003 from \$22.91 in 1998.

Fur trappers have historically been the major suppliers to the fur industry. Over the past few years, however, ranchers raising mink and fox have become the largest producers of fur pelts. The value of



ranch-raised pelts has more than doubled since 1998, reaching \$77.5 million in 2003. Nova Scotia has emerged as Canada's leader in ranch-raised pelts, producing more than half of the total sales of ranched fur in 2003. Quebec and Ontario remain the centres for fur trapping, together accounting for more than one-third of the total wildlife pelts produced in 2003.<sup>12</sup>

To distinguish the high quality of the NWT's furs, the NWT Genuine Mackenzie Valley Furs (GMVF) program was initiated. Among other services provided to harvesters, "Genuine Mackenzie Valley Furs" is marketed as a premium quality incentive and assurance program.

Today, China and Russia are emerging as major markets for NWT fur. Muskrats are in high demand and on average the price per pelt has doubled since 2009. NWT marten (sable) pelts continue to command high prices and a significant premium over other provinces and territories. Marten comprise the vast majority of fur sales. Seal pelt prices, however, continue to suffer, with average prices in the \$10-12 range. The GMVF Program is now paying harvesters above market, buying seals at \$55 per pelt. This is made possible through a GMVF program that buys, tans and sells finished hides into the traditional craft market. The program breaks even. A similar program has been developed for mid and lower grade beaver pelts.

Although a little over 40% of Inuvik residents over the age of 15 spend time participating in traditional harvesting activities (hunting or fishing) and 7.9% trapped in 2008, the overall number of trappers was reportedly in decline owing largely to the economics of the profession and the availability of other work alternatives. This is being successfully countered through a combination of improved market prices and the successful "Take a Kid Trapping" program, where program uptake grows an average of 14% per year. Youth participation has increased for both trapping and harvesting. The Bureau of Statistics reports a 44% increase in the number of youth trappers after the program was implemented, a mini resurgence after several years of decline. The youth harvester population has also grown by 28% since 2003, consisting of 18% of the total harvester population in 2008.

### ***Fishing***

The NWT's commercial fishery is located almost entirely on Great Slave Lake, although very small-scale commercial fisheries exist in communities across the territory. Production from the commercial freshwater fish industry has been steadily declining since its peak in 2000/01 when it was valued at \$1.5 million. In 2010/11,

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<sup>12</sup> [http://www41.statcan.gc.ca/2006/1664/ceb1664\\_004-eng.htm](http://www41.statcan.gc.ca/2006/1664/ceb1664_004-eng.htm)



however, the industry experienced an increase of 47% and was valued at \$495,000. This decline in the value of the fish harvest has been attributed to a decline in the number of participants in the industry, but why this decline has occurred is uncertain. The NWT supplies about 1% of Canadian freshwater fish.

### ***Agriculture***

The agricultural sector generates approximately \$8-10 million in income per annum in the NWT, ranging from small individual and community gardens to commercial greenhouses, regulated egg production and harvesting of wild edibles, the local food production sector has grown dramatically over the past decade. The industry can be divided into three categories:

- Small scale – individual, community and market gardens;
- Commercial agriculture and large scale production; and,
- Commercial harvest of game.

In some instances, where community/market gardens have expanded to the point where surplus production occurs, commercial opportunities have evolved for farmers markets or U-picks. In some instances, surpluses are sold to local retailers or businesses involved in food service.

Depending upon the cost of the land and related capital, economic return on investment varies. Where land and related capital equipment costs are high, a return on investment is necessary. Conversely, where land and related capital equipment costs are low, an actual cash return is not always required by the producer.

The Inuvik Community Greenhouse's Community Garden Society of Inuvik was formed in 1998 to "allow for the production of a variety of crops where fresh, economical produce is often unavailable."<sup>13</sup> The seasonal facility operates with a combination of 74 full-size rental plots and a commercial production space, the earnings from which are used to cover the management and operational costs of the facility.

### ***Non-Timber Forest Products***

The harvesting of local resources for sustenance in the NWT extends well beyond fish and game. Mushrooms, berries, syrup, herbs and other plants for food, medicinal, and artistic purposes are counted amongst the many

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<sup>13</sup> [http://www.inuvikgreenhouse.com/1\\_2\\_History.html](http://www.inuvikgreenhouse.com/1_2_History.html)



natural resources available for local consumption or trade. Berry picking, for example, is a common seasonal practice in the Beaufort Region, although it is primarily done for home consumption.

Generally, there is a growing niche market for wild edibles, and access to these markets is improving through the use of online research and sales and a growing “foodie” culture.

### **Other Non-Renewable**

Owing primarily to the geology of the area, which is more suited to oil and gas deposits, the region has not seen any commercial mine development. Diamond and other mineral exploration is reportedly active along the region’s eastern boundary, however, and Inuvik’s economy may benefit from increases in gem and mineral exploration, subject to commodity prices, which are currently unstable. Unstable metals prices have resulted in a cooling of mining and exploration investment. Short- and long-term predictions of metals prices in the current market are unreliable at best.

Local rock supply is being used in the construction of the highway to Tuktoyaktuk, and will likely be used for the construction of the Mackenzie Valley Highway.

## **5.2 Market Demand and Challenges**

As a rule, the biggest challenges for the natural resources sector in the Inuvik region are:

1. Achieving economies of scale
2. Obtaining competitive access to markets
3. The influence of global commodity prices

### **1. Achieving Economies of Scale**

Many natural resources developments require certain economies of scale to be commercially viable.

Commercial agriculture, for example, tends to require a significant capital investment for buildings, equipment, land, etc., so the venture must be able to produce enough product at a market-competitive price that the venture’s debt can be serviced, expenses paid, and still provide a suitable return on the capital invested.



This can be challenging for ventures focussed on a small, local market, particularly when competitors with very large economies of scale may be able to produce their products for a minimal cost and still be able to export their product for less than it could be produced locally.

This is particularly true for local lumber production, where small mills have discovered that they cannot produce and transport building-grade, dimensional timber as inexpensively as the “super-mills”, also known as “spaghetti factories”, which can produce hundreds of millions of board feet of lumber per year.

## **2. Obtaining Competitive Access to Markets**

Due to its geographic location relative to transportation systems and large population centres, Inuvik has an uphill battle with respect to access to markets. While “backhaul rates” may be available with truck and air cargo, typically, the cost of travel will render Inuvik-produced products non-competitive when produced as standard commodities. Specialty and value-added (low volume/high value) products will achieve greater success than high volume/low value commodities.

## **3. The Influence of Global Commodity Prices**

Although Inuvik may appear “remote” or “isolated” to some, Inuvik competes in a global market place and, as such, is subject to the influence of global commodity prices. This is acutely apparent in light of the Mackenzie Gas Project, which will proceed only if market prices for natural gas make the construction of the project economically viable.

# 5.3 Sector Opportunities

## **Energy**

There are several energy-related opportunities that may warrant further investigation, including:

- On-site power generation and transmission (for local and export use)
- On-site, small scale liquefaction of natural gas
- Hydro-kinetic energy
- Biomass conversion for large buildings
- Energy efficiency upgrades for commercial and residential buildings



Increasingly, communities and regions are moving away from single-source power generation and adopting blended methods of power generation and energy conservation. Movement toward increased wind generation to offset other power generation sources is promising (albeit several years from construction), however there may be other alternatives that have yet to be examined. With its access to the Aurora Research Institute, the attention it has already received from the Interdepartmental Energy Coordinating Committee, the GNWT's intention to work with the Institute for Sustainable Energy, Environment and Economy at the University of Calgary, and the desire for petroleum companies to find economic ways to reach markets, and more, Inuvik is well-positioned to become a case study and testing ground for northern power generation and power generation research in cold climates.

To leverage this opportunity, the Town of Inuvik, in partnership with others, can facilitate a week-long event, bringing together experts in their respective fields to develop – and implement – a power strategy for Inuvik. Ideally, the event will include multi-disciplinary researchers, academics, and industry players who have an interest in finding immediate solutions to the challenge of providing low-cost, reliable power in northern communities.

### **Renewable Resources**

*“Our economy was built on luxury items – furs, gold, and now diamonds. From the traditional practices of Aboriginal peoples to the present-day trapping industry, wild fur from the Northwest Territories has been recognized around the world for its excellent quality for decades. Genuine Mackenzie Valley Furs are always in high demand at auctions to supply China’s world-leading fur garment industry. “*

*-- Robert R. McLeod, Premier of the Northwest Territories*

The NWT has a history of exporting low volume/high value products to global markets (furs, traditional art and crafts, gold, and diamonds). While businesses in Inuvik have no influence over global commodity prices, there is potential to leverage the high quality and relative uniqueness of northern-harvested products, such as fish, berries, and other non-timber forest products. Generally, these ventures start as seasonal cottage businesses that, with some export assistance, grow into larger, more-diversified operations.

### **Non-Renewable Resources**

Dependent on global commodity prices, which are currently not favourable for resources in the Inuvik area, non-renewable resource opportunities are limited. Focusing on infrastructure development in the region will help



construction, transportation, camps/catering, and other resource-related companies through the downturn, helping to ensure that these companies exist and are prepared when/if commodity prices recover.

The road to Tuktoyaktuk and the Mackenzie Valley Highway are two such infrastructure developments that will assist these companies through the downturn and position Inuvik as a more-attractive destination when/if commodity prices recover because of improved access to the resources and improved access to markets.



FIGURE 16: NATURAL RESOURCES PRIORITY GOALS AND RATIONALES

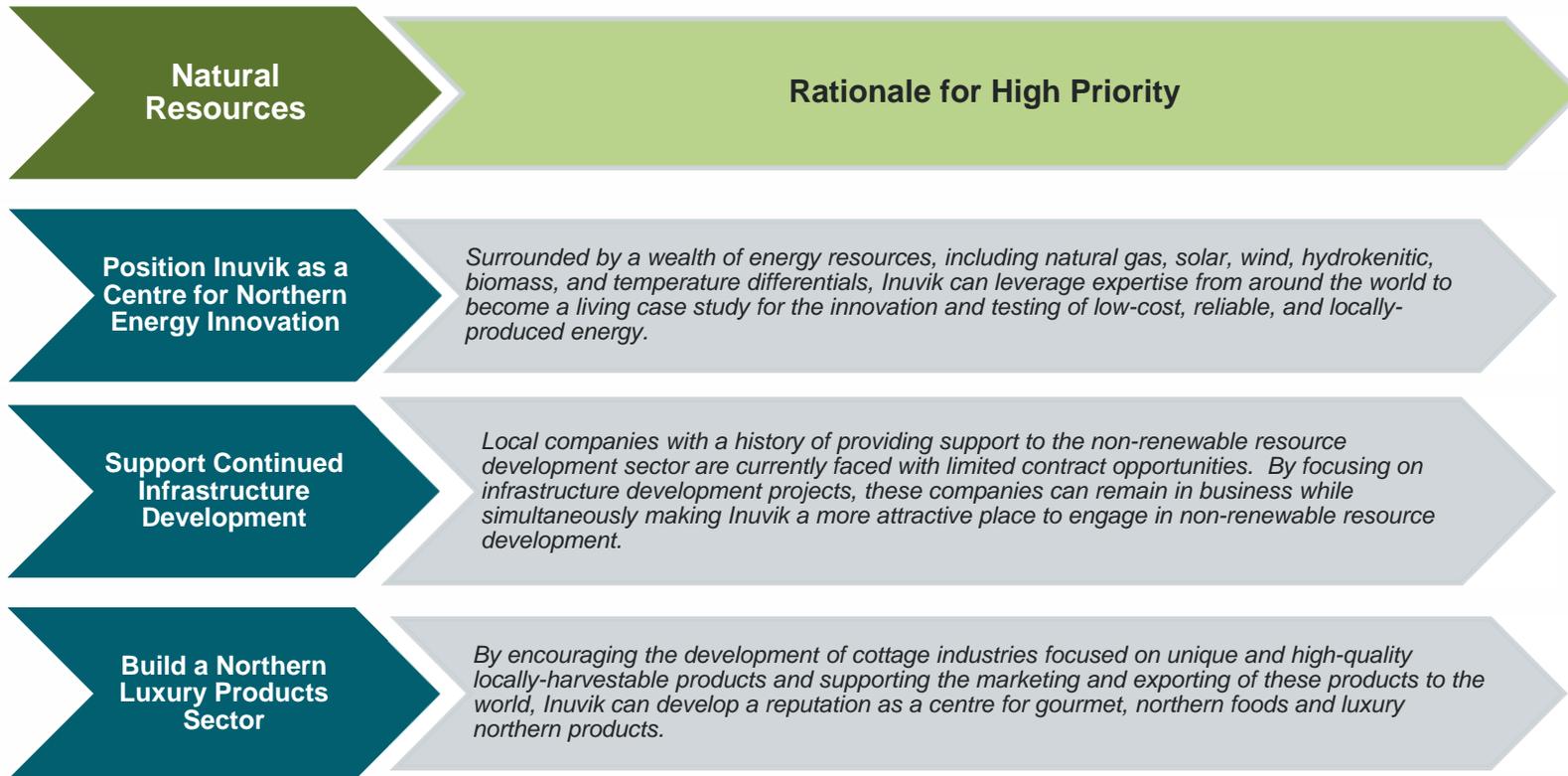




FIGURE 17: NATURAL RESOURCES PRIORITY OPPORTUNITY ACTION PLAN

Description of Broader Opportunity	Recommended Action Items	Role for the Town of Inuvik and Partners	Priority
<b>Position Inuvik as a Centre for Northern Energy Innovation</b>	Host a week-long “Inuvik Northern Energy Hackathon”, bringing together experts with a diverse range of energy expertise and interests (academic, research, commercial) to design and implement the lowest-cost, most reliable power generation system for Inuvik possible.	Event Host/ Coordinator; ARI, Interdepartmental Energy Coordinating Committee, University of Calgary Institute for Sustainable Energy, Environment and Economy, biomass, hydro-kinetic, wind, solar, thermal differential, petroleum and other researchers, academics, and companies.	High
	Demonstrate local leadership by conducting energy audits on Town of Inuvik facilities and investing in facility upgrades as the business case warrants.	Lead; Arctic Energy Alliance	High-Medium
	Work with the Aurora Research Institute and energy companies to identify and actively recruit energy researchers into the region.	Partner; Aurora Research Institute / Aurora College	Medium
<b>Support Continued Infrastructure Development</b>	Continue to advocate for the development of infrastructure, and transportation infrastructure in particular.	Advocate; GNWT, Canada	Medium
<b>Build a Northern Luxury Products Sector</b>	Coordinate a market research initiative to understand what types of harvestable items have the greatest market potential, nationally and internationally.	Lead; ITI	High



Description of Broader Opportunity	Recommended Action Items	Role for the Town of Inuvik and Partners	Priority
	Upload and showcase Inuvik's luxury/gourmet products on <a href="http://www.destinationinuvik.com">www.destinationinuvik.com</a> . This content should include information on where to buy items, profiles and stories of producers (with videos), and details on the range of available items for purchase throughout the year.	Lead; GNWT	High
	Facilitate the formation of relationships between gourmet/luxury product producers and private businesses selling these products online.	Partner; online sellers	High-Medium

### Performance Measures

- Inuvik Power Production Strategy and implementation
- Completed audit of Town of Inuvik facilities and implementation of recommendations
- # of researchers conducting energy research using Inuvik as a research base
- Amount of completed research communicated to community members
- # of new relationships with online sellers
- Website metrics (i.e. unique visitors, click-rate, time spent on the site) for [www.destinationinuvik.com](http://www.destinationinuvik.com)
- # of new products and accompanying stories, profiles, and videos uploaded to [www.destinationinuvik.com](http://www.destinationinuvik.com)



# Priority Opportunity: Northern Sciences



## 6 Priority Opportunity: Northern Sciences

Individuals and organizations sharing and growing intellectual capital drive the knowledge economy. The knowledge economy is characterized by a focus on research, innovation, and commercialization. Particularly in light of climate change trends and the need for monitoring, analysis, and adaptation, the scientific community is increasingly turning its attentions northwards. It's not just climate research that's capturing the scientific community's attention, however. Astrophysicists, geologists, natural and cultural resource, and health researchers alike are attracted to Inuvik as a wealth of research opportunity in the "accessible, affordable Arctic".

### 6.1 Sector Characteristics

All scientific research in the NWT must be licensed. This is done through the Aurora Research Institute (ARI), the research division of Aurora College. Headquartered in Inuvik, ARI's mandate is "to improve the quality of life for NWT residents by applying scientific, technological, and indigenous knowledge to solve northern problems and advance social and economic goals."

As a benefit to using a licensing system, ARI is able to track the scientific research happening within the territory. To assist with this, ARI maintains a database of scientific research license information for studies conducted within the NWT from 1991 onwards (23 years). As of January 2015, the publicly available NWT Research Database contains 1,323 licensed projects for the Inuvialuit Settlement Region and 805 licensed projects for the Gwich'in Settlement Area, including single and multi-year projects. The ARI is working on including research licenses dating back to 1954.

The licencing database helps prospective researchers understand what historical data may complement their own projects, helps reduce duplication of research effort, assists in identifying knowledge gaps, and provides a venue to share research project results with NWT residents and local governments – but with projects spanning an incredible range of areas of study, also demonstrates to prospective researchers that the region is a "hotbed" for research opportunities.

In addition to the licensing database, the ARI also provides guidance and logistical support to researchers, including:

- Accommodations
- Office/Lab space
- Meeting and conference rooms
- Teaching labs/classrooms
- Transportation equipment
- Camp equipment, including firearms and telecommunications equipment



- Technician assistance
- Cleaning and long-term storage

An estimated 300-400 scientists come through the region in a one-year period. Visiting researchers spend money on food, supplies, and accommodations, and sometimes hire local assistants. It may be worthwhile to quantify the economic impact of the northern sciences sector to better-understand the contribution (or lack thereof) the sector makes to the region. Such a study may help to identify new opportunities for economic capture.

The scientific community has been attracted to Inuvik because of its location as the “accessible, affordable arctic”, as well as the wealth of research opportunities and long history of data collection. Although it attends selected northern science-related events and participates in northern science organizations, the ARI does not deliberately market to attract researchers, relying instead mostly on word-of-mouth within the scientific community. However, there is some evidence that deliberate marketing can work to attract more researchers to the region. In 2014, the 50<sup>th</sup> Anniversary of the ARI, an anniversary marketing campaign was implemented and is reported to have resulted in an increase in the number of researchers interested in the region. Until recently, Aurora College was not eligible to receive Tri-Council (Canadian Institutes of Health Research (CIHR), the Natural Sciences and Engineering Research Council of Canada (NSERC) and the Social Sciences and Humanities Research Council (SSHRC)) funding, which is a significant source of funding for major research projects. Academics with research interests were not able to work at the college and focus on their research. This recently changed and the College is now working on developing its recognition as a centre of expertise.

Several Inuvik residents pointed to the construction of satellite receiving stations as a sign of the potential for northern sciences as an economic sector, while others have questioned how much economic benefit is captured through northern sciences other than the occasional construction or maintenance job. There is a management plan/steering committee for the ongoing development of the satellite facility. The steering committee is currently defining the terms of reference so all the partners can understand and harness the opportunities provided by the satellite receiving stations. This process is being led by NRCan, who recently announced that another antenna is being installed this summer. Inuvik’s location is significant globally and forecasts generally estimate the construction of one dish per year for the next 20 years. There is an estimated one job created for every two dishes. Buildings to house servers may also be needed. Local benefits include technical support opportunities, construction opportunities, maintenance opportunities, etc. A local company is currently providing maintenance services. According to the ARI, the NWT Centre for Geomatics has committed to creating three positions in Inuvik, which will help with the development of the sector.

The new fibre optic connection will benefit the satellite receiving stations as data currently needs to be stored on portable hard drives and couriered internationally for analysis.



The knowledge sector is not limited to the ARI, however. Aurora College's Inuvik Campus primarily consists of students from the Beaufort Delta region (with one estimate as high as 99%. An estimated 35-40% of students live in residence. The residence has 60 units, 24 units of which are for single residents, and the remainder for families. The facility is currently not full, with the college reporting lower than historical enrolment.

A major factor affecting enrolment is the focus on employment outcomes, where educational funding is tied to a guarantee of employment once the program is completed. Consequently, third-party contributions supporting education and training are lower than they have been in the past.

With respect to attracting students from outside of the Beaufort, two challenges exist. The first is related to the cost of living and the second is the limited nature of the programming currently being offered by the campus. While accommodations are comparatively inexpensive, the high cost of food is cited as an issue that makes attracting students north more challenging.

The campus provides mostly adult basic education; although there is also a trades access program, personal support worker program, and the campus may eventually have a business administration program. The college expressed an interest in playing a greater role in terms of delivering entrepreneurship and basic business training. Formerly, the campus offered the Recreation Leadership Program, which was able to leverage interest in northern sports, but the program is not currently offered.

Within the next year or two, fibre optic cable will connect Inuvik to the international fibre optic network. This will be of benefit to projects that do remote monitoring who have large data requirements. More locally, 77% of homes in Inuvik are connected to the internet (2013). The new connection should see increases in speed and reliability, and may result in lower Internet costs for residents in the community.

## 6.2 Market Demand and Challenges

Researchers are restricted by the amount of research funding available and by the nature of the funding programs that exist, with some research topics being "in vogue" with funders and others receiving less support. As a result, the ARI is very cognisant that researchers must be able to conduct their work in a cost-effective fashion.

Another challenge associated with northern research is that researchers are usually allied with or employed by institutions in major centres (such as universities). Researchers tend to cluster in spaces that support or enhance their research interests. Consequently, researchers travel to the Beaufort Region for a short time period, collect data (or leave



monitoring systems in place), and leave. While there is a short-term economic benefit, knowledge retention – and by extension – economic retention, poses more of a challenge.

With a focus on adult basic education, the Inuvik Campus of Aurora College is not currently in a position to attract students and researchers from outside of the region to Inuvik to teach and study, although efforts may be underway to develop centres of expertise in energy, geomatics, and oil and gas.

## 6.3 Sector Opportunities

Some residents are questioning what economic opportunities may arise from the new fibre optic Internet connection that does not already exist with the current system. With the rapid growth of cloud computing, data centres may be one such opportunity, with some data centres now located in northern regions to benefit climate-assisted cooling, resulting in reduced energy costs.

At present, it is unlikely that Inuvik would be able to attract a data centre due to the relatively high cost of electricity and the lack of redundancy in the fibre optic network. For example, if the single fibre optic connection were to be severed somewhere along the Mackenzie Valley, data transfer into and out of Inuvik would all but grind to a halt, leaving only the much slower and lower capacity microwave repeater system. NorthwesTel is planning on installing a second connection up the Dempster Highway, although that project is several years from completion if it goes ahead. Should that project be completed and should Inuvik be able to dramatically reduce its energy costs, an Inuvik-based data centre could be explored. Regardless, the improved connectivity to Inuvik will benefit the community in the same way that better highways and air connections improve the community – by making it an easier and ultimately less-expensive place to live and do business. By improving telecommunications infrastructure, a better climate is created in which otherwise unforeseen opportunities can emerge.

Increasingly, students are attracted to specialized programs that meet their interests, and these students are prepared to travel to where they can obtain that education. To increase its student enrolment with students from outside of the region, there may be opportunities for Aurora College to work with the ARI and partner with visiting researchers to offer specialized courses for post-secondary students currently enrolled in colleges and universities around the world. By building a reputation as a centre for highly-specialized and experiential education opportunities, the college may be able to leverage these courses into an academic centre for excellence, instead of just a location for field research. Ideally, students involved in these programs will one day do their own research in the region.



There may be other opportunities for the college to play a role in fostering innovation beyond academic courses. Currently, it has both a fully-equipped trades shop (not currently approved for apprenticeship training) and a mobile trades lab. Both spaces are used on occasion for trades training, but have the potential to be used more often. The potential for a local makerspace was discussed with the college and the concept received a positive initial response. Makerspaces are community-operated workspaces where people with common interests, often in computers, machining, technology, science, digital art or electronic art can meet, socialize and collaborate. Makerspaces are increasingly being used to incubate new ideas and to develop and manufacture products. A makerspace located in the trades shop could also become a centre for local arts and crafts production. Makerspaces typically offer training to their members on a member-directed and member-delivered (unaccredited) basis. At the YuKonstruct Makerspace in Whitehorse, courses range from learning how to use 3-D design software, to programming circuit boards, to building customized mobility aids, to chainsaw maintenance, to building wearable puppets, to building dogsleds.



FIGURE 18: NORTHERN SCIENCES PRIORITY GOALS AND RATIONALES

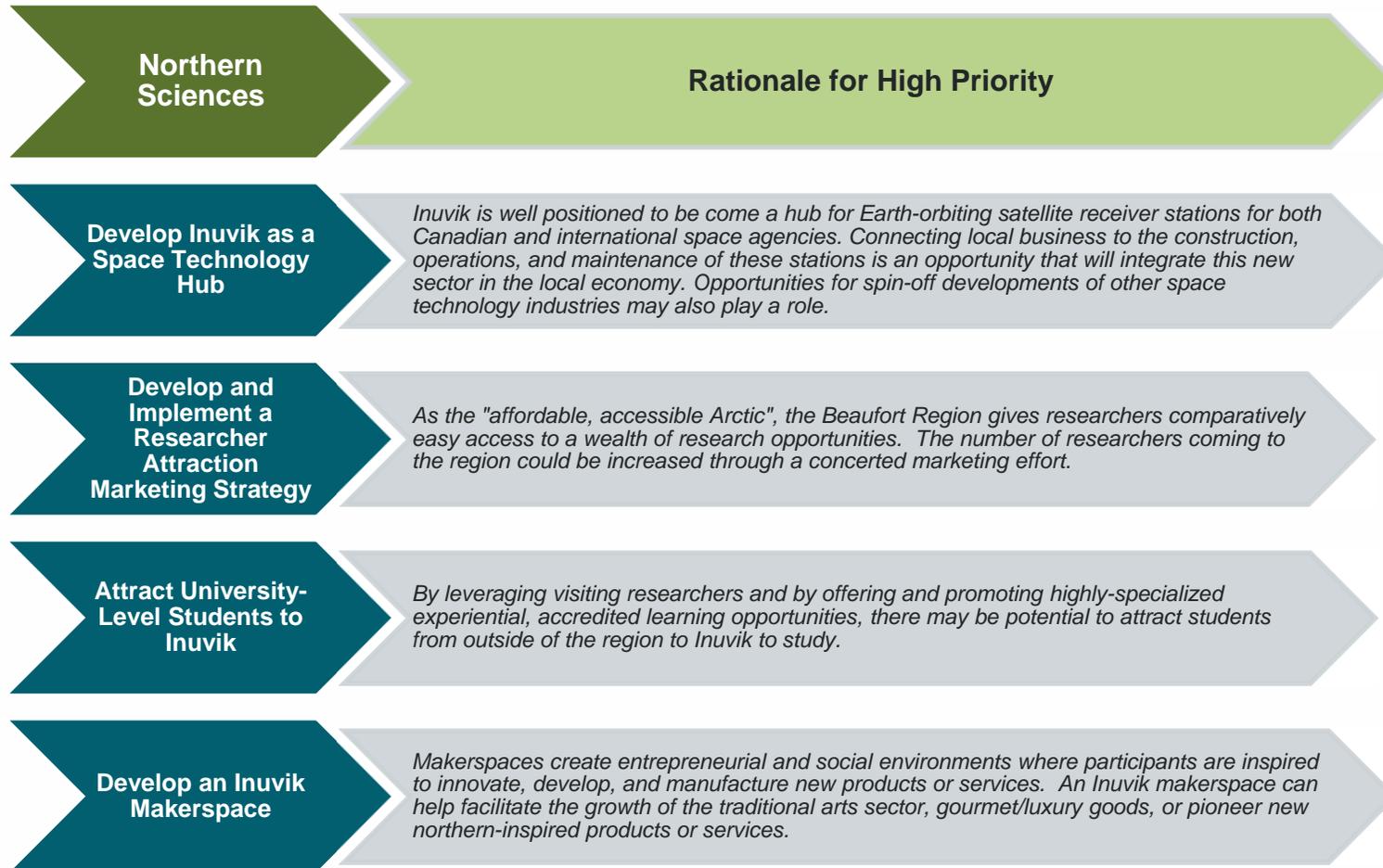




FIGURE 19: NORTHERN SCIENCES PRIORITY OPPORTUNITY ACTION PLAN

Description of Broader Opportunity	Recommended Action Items	Role for the Town of Inuvik and Partners	Priority
<b>Develop Inuvik as a Space Technology Hub</b>	Ensure the inclusion of local businesses in the procurement process for satellite receiver station construction, operations, and maintenance.	Partner; CanNor, specific space agencies	Medium
	Create an “Inuvik Space Technology Hub” long-term strategy and marketing and branding campaign outlining the reasons why Inuvik is an ideal location to operate from, what the challenges and opportunities are for space agencies, and potential future spin-off developments that should be targeted.	Lead; CanNor, ITI, Aurora College, ARI	Medium-Long
<b>Develop and Implement a Researcher Attraction Marketing Plan</b>	Work with the Aurora Research Institute and the Department of Industry, Tourism, and Investment to develop and implement a researcher attraction marketing plan that will selectively target researchers who may have an interest in conducting research in the Beaufort Delta. The marketing plan may be preceded by market research analysis, which would study the most-common types of research currently being conducted in the region, centers for excellence for those fields of research, and a survey of researchers who have already conducted research in the region.	Partner; ARI and ITI	Medium
	Conduct an Economic Impact Analysis on the northern research sector in the Beaufort Delta. The Analysis should identify opportunities for additional economic capture.	Lead; ITI	High
<b>Attract University-Level Students to Inuvik</b>	Work with Aurora College and the ARI to partner with visiting researchers to offer and promote specialized, accredited experiential courses. The partnership may include offering discounted services in exchange for course instruction (in other words, giving up a little to the researcher in order to attract more students and future-researchers to the region).	Facilitator; ARI, Aurora College	Medium
<b>Develop an Inuvik Makerspace</b>	Work with Aurora College and other community organizations to establish a makerspace in the existing trades training centre.	Partner; Aurora College, CanNor	High



## Performance Measures

- Developed and Implemented Researcher Attraction Marketing Plan
- # of researchers working in the region
- Completed Economic Impact Analysis
- # of course offerings and level of enrolment
- # of new products or innovations in the community
- # of local businesses and employees involved in the construction, maintenance, and operations related to space technology
- # of new businesses working within the space technology field



# Priority Opportunity: Tourism



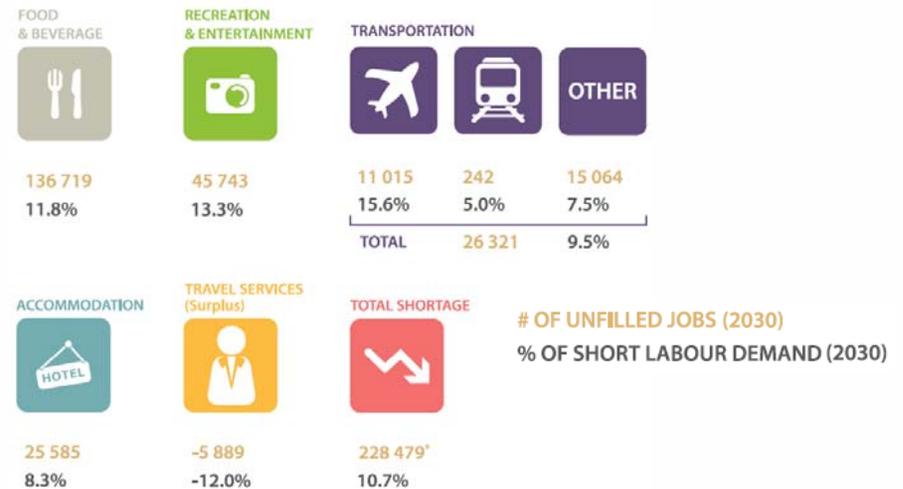
# 7 Priority Opportunity: Tourism

## 7.1 Sector Characteristics

Tourism is an \$84 billion sector that is of economic importance to every region of the country.<sup>14</sup> It employs one in ten Canadians - one third under age 25. Globally, it is among the highest performing sectors, with an average growth of 5% in 2013.<sup>15</sup> A 2014 labour force report published by the Tourism Industry Association of Canada (TIAC) suggested that the Canadian movement is lagging far behind global averages, with a growth rate of 1.5% (1/3 of the global average). The report further explains that this sector (driven by entrepreneurs and innovators) needs to be further examined at the local and provincial levels as it typically represents one of the more resilient sectors during recession based periods. Currently the Federal Government is working on an updated Federal Tourism Strategy to improve Canada's competitiveness as a tourism destination.

Tourism continues to play an important role in the economy of the NWT. The sector contributed approximately \$106.7 million to the NWT economy in 2014 (a 6% increase from 2013).<sup>16</sup> Despite the challenges recently affecting the NWT tourism economy (regulations on sport hunting, federal passport/visa requirements, global recession), the number of visitors and visitor spending is growing. The 2014 NWT Tourism Marketing Plan highlights that in 2012/13 the total number of visitors to the territory was 76,400. This was a 17% increase over the 64,380 received the previous year, spending a total of \$105.8 million.

FIGURE 20: LABOUR FORCE PREDICTIONS BY TOURISM SUBSECTOR



Source: Tourism Industry Association of Canada. 2014 Gateway to Growth: Travel and Tourism Labour Force Report

<sup>14</sup> Visa Canada. 2014 Summer Travel Snapshot. (2014)

<sup>15</sup> Tourism Industry Association of Canada. 2014 Gateway to Growth: Travel and Tourism Labour Force Report. (2014).

<sup>16</sup> Northwest Territories Tourism. 2014-15 Marketing Plan. (2014)



Approximately 80% percent of the visitors to the NWT are from Canada and primarily Alberta, British Columbia, and Ontario.<sup>17</sup>

## 7.2 Market Demand and Challenges

Similar to communities across the country, tourism development is an important component of Inuvik’s ongoing economic activities. The latest Census Data revealed that approximately 9.2% of the total labour force in Inuvik is active in the tourism sector. This is consistent with trends across NWT (11.1% of the total labour force) and Canada (10% of the total labour force). Figure 21 and Figure 22 illustrates the share of tourism labour force across the tourism subsectors.<sup>18</sup>

FIGURE 21: LABOUR FORCE BY TOURISM SUBSECTOR INDUSTRIES, 2011 NATIONAL HOUSEHOLD SURVEY

	Tourism Labour Force	Tourism Subsectors				
		Accommodation	Food and Beverage	Recreation/ Entertainment	Transportation	Travel Services
<b>Inuvik</b>	170	40	35	30	65	0
<b>Northwest Territories</b>	2,345	340	545	360	1,060	40
<b>Canada</b>	1,651,455	166,245	804,815	360,750	274,085	45,560

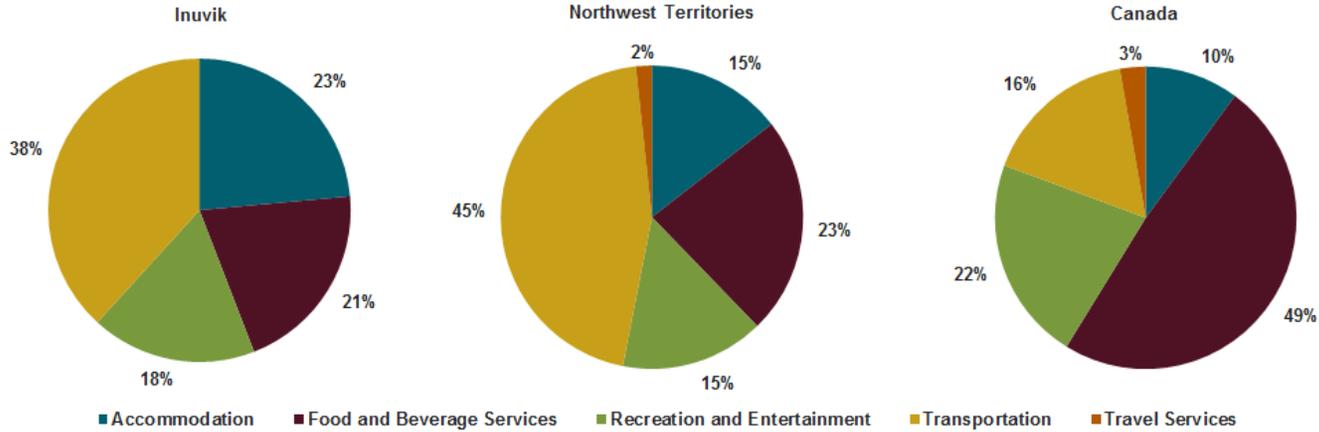
Source: 2011 National Household Survey, File: 99-012-X2011034

<sup>17</sup> Ibid

<sup>18</sup> Tourism industry and subsectors are defined through the Statistics Canada Human Resource Module. A further breakdown of the industry can be retrieved at the following link <http://www.statcan.gc.ca/pub/13-604-m/2011069/appe-anne-eng.htm>



FIGURE 22: SHARE OF TOTAL TOURISM LABOUR FORCE BY TOURISM SUBSECTOR



Source: 2011 National Household Survey, File: 99-012-X2011034

Small businesses dominate the tourism sector; the 2013 Canadian Business Patterns data showed that there were 152 small tourism-based businesses in the NWT – a decrease from 163 in 2008 – with the largest representation of tourism-based businesses in the tourism transportation subsector. However, tourism business in Inuvik – which represent 15% of the total business base – increased by 13 operations since 2008, including one small tourism business becoming a medium-sized business. Indeterminate (owner-operated) tourism businesses illustrated the largest growth in the tourism sector – further supporting the notion that the tourism sector is driven by entrepreneurs and innovators.



FIGURE 23: TOTAL TOURISM BUSINESSES BY EMPLOYEE SIZE, DECEMBER 2008 AND 2013

	Total Tourism Businesses	Indeterminate (owner- operated)	Micro- enterprises (1-4 emp.)	Small businesses (5-49 emp.)	Medium sized businesses (50-499 emp.)	Large businesses (500+ emp.)
<b>December 2008</b>						
Town of Inuvik	27	11	3	13	0	0
Surrounding Inuvik Region*	31	13	8	10	0	0
Northwest Territories	280	103	40	123	14	0
Canada	155,464	59,192	30,637	58,391	7,104	140
<b>December 2013</b>						
Town of Inuvik	40	21	6	12	1	0
Surrounding Inuvik Region	12	5	5	2	0	0
Northwest Territories	299	132	44	108	15	0
Canada	171,337	70,083	31,969	61,417	7,749	119
<b>Business Growth from 2008-2013</b>						
Town of Inuvik	13	10	3	-1	1	0
Surrounding Inuvik Region	-19	-8	-3	-8	0	0
Northwest Territories	19	29	4	-15	1	0
Canada	15,873	10,891	1,332	3,026	645	-21

Source: Canadian Business Patterns, Statistics Canada, December 2008 and December 2013

\* Surrounding Inuvik Region includes the following municipalities; Tsiigehtchic, Paulatuk, Fort McPherson, Aklawik, Tuktoyatuk, Sachs Harbour, Ulukhatok, Region 1 Unorganized



FIGURE 24: TOTAL TOURISM BUSINESS SHARE BY EMPLOYEE SIZE AND TOURISM SECTOR, DECEMBER 2013

Tourism Subsector	Total Tourism Businesses	Indeterminate	Micro-enterprises (1-4 emp.)	Small businesses (5-49 emp.)	Medium sized businesses (50-499 emp.)	Large businesses (500+ emp.)
Accommodation	5	1	4	1	0	1
Food and Beverage	4	0	4	1	0	2
Recreation/Entertainment	3	1	2	0	2	0
Transportation	27	18	9	4	3	0
Travel Services	1	1	0	0	0	0

Source: Canadian Business Patterns, Statistics Canada, December 2013

While Figure 23 and Figure 24 represent a growth in the number of tourism based business in Inuvik and the NWT; it is important to note that labour shortages will continue to impact the sector's bottom line. The Canadian Tourism Human Resource Council (CTHRC) estimates that the gap between labour supply and demand could be as large as 228,479 jobs by 2030.<sup>19</sup> The CTHRC goes on to state that it is likely that businesses in this space will begin to start operating below its potential evidently costing the tourism sector billions in economic activity.

### Businesses Are Shying Away From Expansion and Investment

*Bill Karas, owner of Glacier Mountain Lodge in BC is considering scrapping a \$2 million dollar, 24-guest room expansion because he is unable to find staff willing to relocate to the remote location to service the new rooms. This means the loss of hundreds of thousands of dollars not only for Bill's business but also for contractors and suppliers who would have worked on the expansion.*

Quote from TIAC's Travel and Tourism Labour Force Report

<sup>19</sup> Tourism Industry Association of Canada. 2014 Gateway to Growth: Travel and Tourism Labour Force Report. (2014)



A healthy and strong tourism sector will bring several positives into the community of Inuvik. Aside from general benefits (such as increased tourism dollars/new money), the tourism sector is one of the few areas in which youth employment is consistently growing. An economic development strategy that reflects tourism as a priority opportunity is one step further in assisting the efforts placed by both the Federal and Territorial governments in aiding the development of the sector and its prospectus.

### **Challenges associated with Tourism Development in NWT and Inuvik**

While a declining labour force is predicted to bring complications to the tourism sector nationally, additional challenges have been signalled by local and territorial stakeholders. The largest challenge identified by the stakeholders was the rising fuel costs (for vehicles and aircrafts). Rising fuel costs have led to increases in air costs for flights. Additionally, the already limited availability of flights into the NWT is further causing many tour companies and consumers to choose other destinations (e.g. Whitehorse for Aurora viewing).

Stakeholders also identified the need to gather consistent accurate information regarding local tourism statistics. While the Visitor Centre currently tracks the number of visitors that enter the centre, the numbers do not present an accurate representation. Tourism businesses are interested in gathering correct information as it assists them in securing additional grants or loans that are used to operate and produce better products/services.

Additionally, stakeholders claimed that there is a common perception that as a predominantly outdoor destination that the NWT and Inuvik lack the services and amenities of southern tourism destinations (such as wi-fi and fully-serviced accommodations). While the wilderness is a real draw for many of the region's potential clients, the stakeholders suggested that the messaging also needs to include the realistic services and amenities that are available to guests.

Increasing competition from world-wide competitors was also signalled as a looming challenge. In particular, stakeholders highlighted the increased competition in the aurora sightseeing market. Finland, Iceland, Norway and Alaska have put in place aggressive marketing campaigns that provide affordable alternatives to NWT and Inuvik based experiences (Iceland currently offers four and five day viewing trips from Toronto at prices that are lower than NWT products).<sup>20</sup> Additionally, competition from Canadian counterparts has also become an increasing threat to that market share. Fort McMurray and Whitehorse have both recently developed marketing campaigns that involve affordable aurora sightseeing packages.

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<sup>20</sup> Northwest Territories Tourism. 2014-15 Marketing Plan. (2014)



Currently the NWT Tourism Marketing Plan is looking at ways to increase visitation through cooperative marketing initiatives, for tourism development in Inuvik to improve the Town needs to be a part of these initiatives.

## 7.3 Sector Opportunities

It is an exciting time in Inuvik to be a tourism business. While the challenges are important to observe and act upon, there are several opportunities for the tourism sector to grow in Inuvik.

Global interest in experiential travel<sup>21</sup> is at an all-time high. Experiential travel represents a real opportunity for tourism operators, not-for-profit organizations, and government attractions such as parks and historic sites. It involves a customer-centric approach to planning travel, communicating with visitors and delivering programs that are aligned with what visitors are interested in experiencing in Canada and Inuvik. Experiential travel represents an opportunity for the tourism sector to inspire visitation by creating authentic experiences designed to connect travellers to the special places, people and cultures within communities.

TV programs such as Ice Road Truckers, Ice Pilots NWT, and Arctic Air, as well as the recent profile of the Royal Visits have provided a significant media marketing opportunity for Inuvik and the NWT to capitalize on.<sup>22</sup> Media outlets such as these illustrate in segments experiences that are native to Inuvik and the NWT. NWT Tourism has also embraced experiential travel as a core product that NWT has to offer. Currently, working in partnership with ITI, NWT Tourism is providing Export-Ready training to local tourism operators in an effort to get more local operators to a point when they can be marketed internationally. NWT Tourism is also actively promoting the CTC Signature Experience collection<sup>23</sup> and all other export-ready products through distribution of flat sheets at trade shows, and for use on sales calls, new product updates and cooperative marketing initiatives with some of its key travel trade accounts.

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<sup>21</sup> The TIAC coined the term 'experiential travel' to reflect the new mantra of visitors which is that sightseeing is no longer enough, visitors want to venture beyond the beaten tourist paths and dive deeper into authentic local culture, connecting with people from other cultures in deep and meaningful ways, the arts, architecture and music, cooking and food, sports, adventure and nature, language, history, economic and literature, philanthropy and a desire to 'give back'.

<sup>22</sup> Northwest Territories Tourism. 2014-15 Marketing Plan. (2014)

<sup>23</sup> The CTC Signature Experience Collection is a brand program put in place by the Canadian Tourism Commission (CTC) that helps eligible tourism businesses promote their product internationally.



In terms of experiential travel products none is larger in the NWT than experiencing the Aurora Borealis. Currently, Aurora sightseeing is in its prime.<sup>24</sup> NWT Tourism has made Aurora front and centre in its marketing promotions, particularly in the Asia-Pacific market. However, as the prime time for that experience is close to concluding<sup>25</sup> it is now an opportune time for Inuvik to focus on developing and promoting new experiential products.

Aboriginal tourism is increasingly in demand. Under the guidance of the Aboriginal Tourism Champions Advisory Council (ATCAC)<sup>26</sup>, the Aboriginal tourism sector is in the process of defining itself and looking at strategies to build this market. An opportunity exists for Inuvik to be a part of those discussions and offering assistance to in-community Aboriginal tourism operators to be benefactors of any strategy.

The completion of an all-season road connecting Inuvik to Tuktoyaktuk presents an opportunity for increased rubber tire traffic for both communities. An all-season connection provides visitors access to the Arctic coast year round, which opens up avenues for the cruise ship/pleasure craft industry to become a part of Inuvik's offerings. Analysis of the full Northern Canada Vessel Traffic Services Zone (NORDREG) dataset shows that in recent years the category of pleasure craft vessels is the fastest growing maritime sector in comparison to all other marine activity in Arctic Canada. Identification of these vehicles shows that pleasure crafts have entered Arctic Canada waters from as far as Oceanic countries.

Food tourism across the world is another growing opportunity for tourism development in Inuvik. Food tourism embraces the rich storytelling traditions of circumpolar peoples, both the Aboriginal people who have always lived with the land, as well as more recent newcomers who have made the North their home.

Lastly, Inuvik's Midnight Sun Complex & Conference Centre provides a modern, multi-use facility constructed that meets small conference organizer's many needs but also offers recreational activities and sport viewing opportunities. Over the past few years, the CTC has completed a Meetings, Conventions & Incentive Travel (MC&IT) Strategy that commits to increasing funding year over year to expand the MC&IT strategy globally, positioning the Canada brand to international/multi-national conference organizers. Continuing to promote convention activity will be beneficial for Inuvik.

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<sup>24</sup> The sun is currently concluding its Solar Maximum period in which Auroras are visually more active and brighter in the dark sky.

<sup>25</sup> Solar Maximum is expected to conclude in 2015

<sup>26</sup> ATCAC is a committee developed in partnership with ITI



## Setting Priorities for Tourism Development in Inuvik

The invention of new transport technologies and personal motivations to visit new areas, have overwhelmingly demonstrated that no parts of the globe, including the North, are beyond tourist access. Greater personal wealth, educational attainment, and leisure time are fuelling increased demand for tourism. The following priorities set a course for tourism development in Inuvik.

FIGURE 25: TOURISM DEVELOPMENT PRIORITY GOALS AND RATIONALES

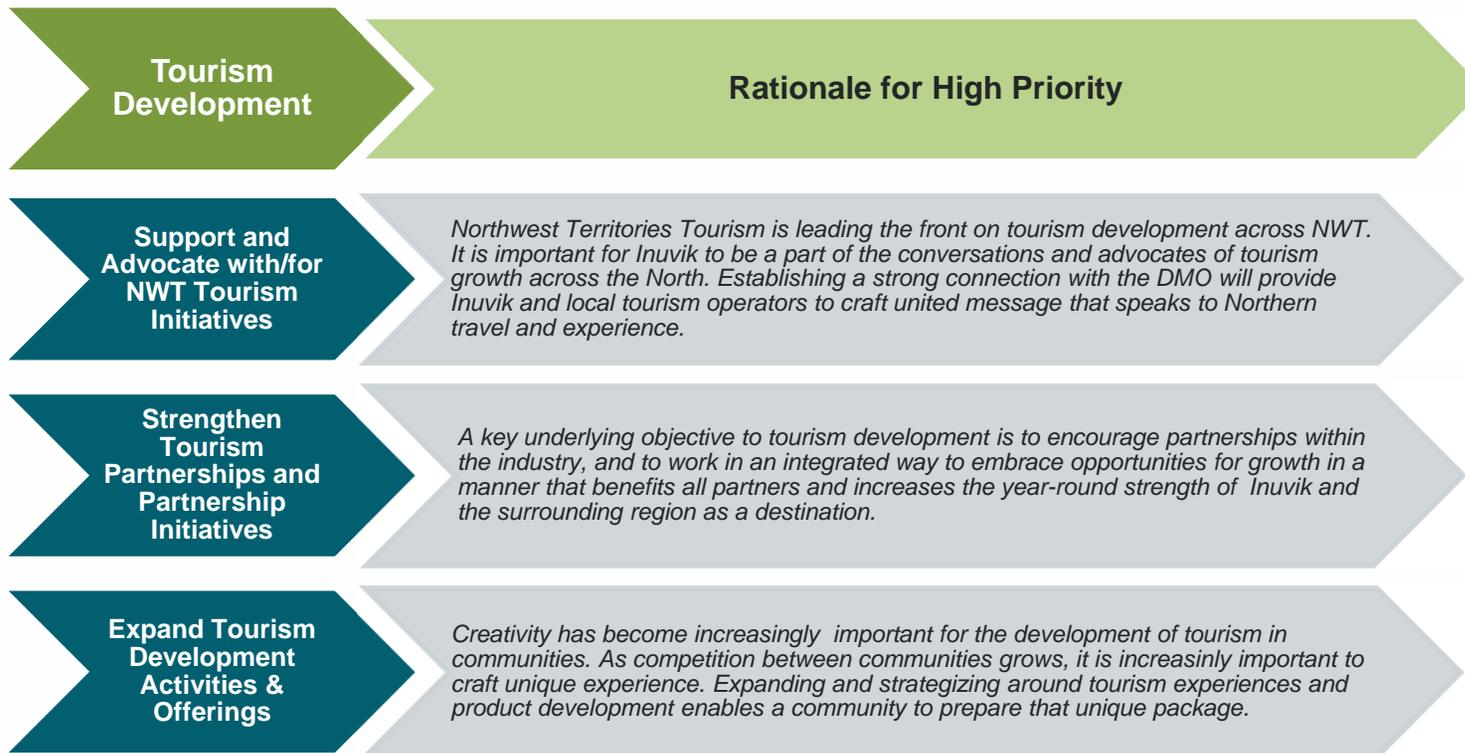




FIGURE 26: TOURISM PRIORITY OPPORTUNITY ACTION PLAN

Description of Broader Opportunity	Recommended Action Items	Role for the Town of Inuvik & Partners	Priority
<b>Support and Advocate with/for NWT Tourism Initiatives</b>	Support and advocate for experiential tourism marketing initiatives that the current NWT Tourism Marketing plan is undertaking. Connect with NWT Tourism to identify areas where the Town can support ongoing initiatives	Advocate and Support; NWT Tourism	High
	Assist NWT Tourism in building out its MC&IT package. Facilitate and provide Conference Centre details and capacity at an ongoing basis with NWT Tourism.	Support; NWT Tourism	Highest
	Advocate for a cruise ship/pleasure craft strategy. A growing opportunity that will be readily available upon completion of the all-season road requires initial market assessments and the development of appropriate pleasure craft guidelines and management plans.	Advocate; NWT Tourism, Federal Government, CTC	Medium-Long
	Advocate for a NWT Tourism regional office in Inuvik to support local tourism operators and organizations across the Inuvik region.	Partner; NWT Tourism	High
<b>Strengthen Tourism Partnerships and Partnership Initiatives</b>	Connect with the Aboriginal Tourism Champions Advisory Council and local Aboriginal tourism operators to support and identify Aboriginal tourism initiatives across Inuvik and the surrounding region. Include the Inuvialuit Community Development and Gwich'in Administration in the discussions.	Partner; ATCAC, Inuvialuit Community Development, Gwich'in Administration, Aboriginal Tourism Operators	High
	Partner with the Chamber of Commerce, CFDC, and Aurora College to develop customer service and product packaging workshops for local tourism operators and aspiring entrepreneurs.	Partner; COC, CFDC, Aurora College	Highest



	Continue to expand the tourism sector working group (looking at challenges and opportunities associated with tourism development in Inuvik). Extend the invitation to Aboriginal tourism operators and NWT Tourism	Lead; Local tourism operators, Aboriginal tourism operators, NWT Tourism	High
	Establish an ongoing tourism visitor survey in the community. Build buy in from tourism operators to distribute the survey upon the completion of stays. This information will assist in determining what may encourage people to stay or extend their stay in Inuvik.	Lead; Local tourism operators, Visitors Centre	High
<b>Expand Tourism Development Activities and Offerings</b>	Undertake a Tourism and Marketing Strategic Plan that will support the creation of tourism and marketing initiatives such as signage, e-tourism/marketing, social media, and product development. Establish a vision for Tourism in Inuvik.	Lead; NWT Tourism, Local tourism operators	High
	Review and update <a href="http://www.destinationinuvik.com">www.destinationinuvik.com</a> . Key questions to consider include: How many visits does the website attract; what is the website's visibility to visitors looking to experience NWT; how can tourism operators better profile their experiences online?	Lead; Local tourism operators	Highest
	Capitalize on the current food tourism experience. Engage local food producers in tourism customer service training to create consistency in how products are presented to customers and to ensure that each product has a compelling story that is shared to customers (see Priority Opportunity – Arts, Crafts, and Local Food).	Lead; Local food producers	High
	Market the completion of the all season road that will provide year round access to the Arctic coast. Likewise, continue to market (and emphasize) that the Ice Road continues to be a main experience across the Inuvik region and is still available alongside the all season road.	Partner; NWT Tourism, Local tourism operators	High
	Give consideration to the use of incentives (e.g. tax reduction based on assessment value, tax deferral, free advertising, marketing etc.) to encourage product development or experience enhancement for existing tourism operations/activities.	Lead	High-Medium



Create an inventory of all funding opportunities that can assist with product development, infrastructure and capital investment. Provide this information to tourism operators and continue to update and promote.	Lead; NWT Tourism, ITI	High
Undertake a Festivals and Events Strategy. The shoulder seasons are often a challenge for local accommodations, and new events can be organized at these times. Strategy should also recognize volunteer commitments across the community.	Lead; NWT Tourism, Local tourism operators	Medium

### Performance Measures

- Number of marketing and/or promotional products developed
- % increase in # of tourists, length of stay, and spending
- # of product development experiences developed and marketed
- Creation of a Tourism and Marketing Strategic Plan
- Creation of a Festivals and Events Strategy
- Website metrics (i.e. unique visitors, click-rate, time spent on the site) for [www.destinationinuvik.com](http://www.destinationinuvik.com)
- # of new products and accompanying stories, profiles, and videos uploaded to [www.destinationinuvik.com](http://www.destinationinuvik.com)
- Establishment of baseline tourism statistics
- # of collaborative relationships created
- # of meetings and conventions hosted in Inuvik



# Priority Opportunity: Arts and Crafts and Local Food





## 8 Priority Opportunity: Arts and Crafts and Local Food

The GNWT estimates that the arts, entertainment, and recreation sector accounted for less than 1% of total GDP for the NWT economy in 2013, contributing \$7 million.<sup>27</sup> These contributions come from a variety of areas, most especially from the sale of crafts and culturally significant objects and cultural establishments. According to the Conference Board of Canada, the arts, entertainment, and recreation sector in the NWT is projected to grow by 7% between 2013 and 2018.

While not a large economic driver for the territory as a whole, the arts and crafts and local food sector is an important source of income for many households in the territory and contributes to the continued preservation of a diversity of cultural practices. Dominated by production at the household level, the sector is generally composed of individual artisans who rely on their artistic talents to maintain their way of life and connection to the land. The arts and crafts and local food sector is also largely linked to the burgeoning tourism sector, supporting the cultural experiences that visitors look for when visiting Inuvik and the NWT. A large number of the current sales and exposure of arts and crafts and local food in Inuvik currently comes from these in-community visitors.

### 8.1 Sector Characteristics

As seen in Figure 27, 25% of the arts and crafts producers in the NWT are located in the Beaufort Delta region, second only to the North Slave region. This relatively concentrated number of producers in the Beaufort Delta region is an asset for the Town of Inuvik and surrounding communities in positioning themselves for further growth in the arts and crafts sector.

While there are a variety of arts and crafts produced in the NWT, three main arts and crafts forms constitute the bulk of pieces produced:

- Sewing and Needlecraft (50% of all arts and crafts)
- Drawings and Paintings (10% of all arts and crafts)
- Carvings (8% of all arts and crafts)

FIGURE 27: NUMBER OF ARTS AND CRAFTS PRODUCERS BY REGION, NWT

Region	# of people that produce arts and crafts	%
<b>Beaufort Delta</b>	<b>727</b>	<b>25%</b>
Dehcho	574	19%
Sahtu	230	8%
South Slave	521	18%
North Slave	896	30%
<b>Total</b>	<b>2,948</b>	<b>100</b>

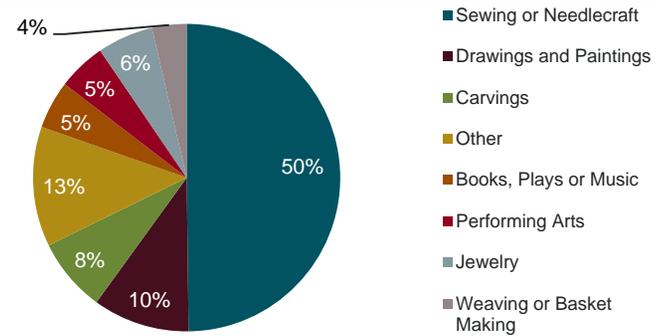
Source: NWT Bureau of Statistics - 2009 Community Survey from "Arts and Craft Factsheet" Department of Industry, Tourism and Investment, GNWT, pg. 9

<sup>27</sup> Department of Industry, Tourism and Investment, Government of the Northwest Territories, "Economic Outlook 2014-2015: Northwest Territories"



As mentioned earlier, this income plays an important part in the traditional subsistence economy of households throughout the NWT. There is also a strong presence in the sector of self-employed businesses where artisans operate their own retail business either from their home or elsewhere selling their own art or fine crafts products.<sup>28</sup> That being said, roughly 69% of individual producers in the sector receive revenues less than \$1,000 per year (see Figure 29) while roughly 43% of retailers in the sector have annual gross revenues less than \$50,000 (see Figure 30). These statistics highlight the important point that while the sector does provide income opportunities for traditional activities and for under-employed sectors of the workforce (such as the elderly), revenues are generally quite limited in the current state of the sector.

FIGURE 28: TYPE OF ART OR CRAFT PRODUCED, NWT



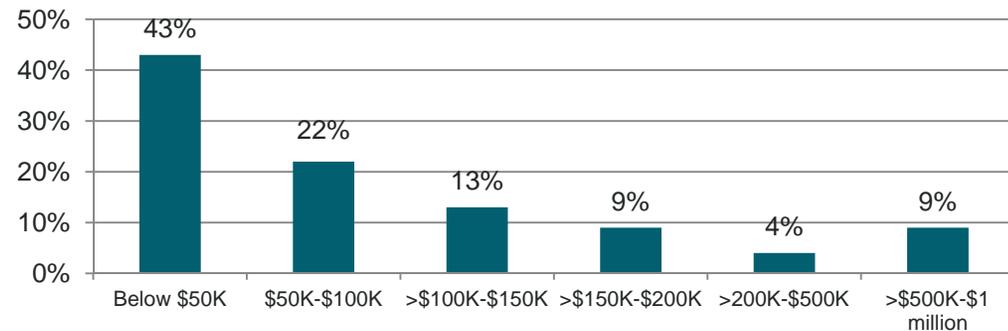
Source: NWT Bureau of Statistics - 2009 Community Survey from "Arts and Craft Factsheet" Department of Industry, Tourism and Investment, GNWT, pg. 10

FIGURE 29: INCOME EARNED BY ARTS AND CRAFTS PRODUCERS, NWT

Value	Percentage
Less than \$250	33%
\$250 to \$999	36%
\$1,000 or More	27%
Not Stated	4%

Source: NWT Bureau of Statistics - 2009 Community Survey from "Arts and Craft Factsheet" Department of Industry, Tourism and Investment, GNWT, pg. 9

FIGURE 30: ANNUAL ARTS AND CRAFTS BUSINESS SALES BY THRESHOLD, NWT



Source: GNWT 2008 Arts Retail Survey from "Arts and Craft Factsheet" Department of Industry, Tourism and Investment, GNWT, pg. 11

<sup>28</sup> "Arts and Craft Factsheet" Department of Industry, Tourism and Investment, GNWT



## 8.2 Market Demand and Challenges

The demand for northern and aboriginal art is huge. While no demand statistics have been formally collected in the NWT to date, research from similar jurisdictions (such as Nunavut) as well as anecdotal evidence from professionals working in the sector in the NWT highlight a strong demand for northern and aboriginal art from residents in southern Canada, the USA, and other international markets. One study from Nunavut estimated that the final sales of aboriginal art coming from Nunavut in these out of territory markets was roughly \$32 million dollars (61% of total sales for arts and crafts in the territory).<sup>29</sup> While strong, these statistics do not account for the significant number of sales made domestically within the territory as a result of local demand and demand coming from tourists visiting the region, which further increases the demand for arts and crafts creations from Nunavut.

Meeting this demand, however, has historically been a challenge in the NWT and Inuvik. Artists are faced with the challenge of a diminishing supply of local, authentic raw materials (in particular moose hides).<sup>30</sup> In those instances when supplies need to be imported from southern Canada, the price of importing often leads to high prices for finished arts and crafts.

Other important challenges that artists and the sector face include a loss of traditional arts and crafts skills in younger generations as they gravitate towards higher paying employment in other sectors, limited access or comfort of artisans with new e-marketing and sales techniques, and strong correlations in the sector to changes in the economy and the results that has on disposable income.

### GNWT Arts and Crafts Programs

[www.nwtarts.com](http://www.nwtarts.com)

Run by the GNWT to promote NWT arts and artists to local, national, and international audiences. The site is available to all NWT artists creating any type of art and brings together a collection of stories, information, and resources to educate visitors on the diversity, value, and authenticity of NWT art. The site also has a branded logo that artists can use to indicate to consumers that pieces are authentic to NWT. The site does not engage in any online selling but does link directly to artist and gallery pages.

### Support for Entrepreneurs and Economic Development (SEED)

The GNWT offers financing support for small businesses, artists, and entrepreneurs to access tools, equipment, and raw materials (including moose hide and furs), travel assistance to festivals, tradeshow, and events, marketing and promotion efforts, and shipping assistance of finished products.

Source: Department of Industry, Tourism and Investment, GNWT, "Programs and Services in Support of Northwest Territories Arts and Fine Crafts"

<sup>29</sup> Nordicity Group and Uqsiq Communications, "Economic Impact Study: Nunavut Arts and Crafts Final Report", pg. 9

<sup>30</sup> It is also interesting to note that over the past 5 years, demand from emerging economies such as China and Russia have driven fur prices to the highest average annual trapper incomes since 1992-93 at just over \$3,000. These furs are often incorporated into arts and crafts creations and other cultural practices and traditions creating the potential for less supply of these raw materials for local production.



## 8.3 Sector Opportunities

A number of initiatives are taking place in the sector to support artisans and to encourage the growth of the arts and crafts and local food sector. Firstly, many government departments at both the territorial and federal levels offer financing and resource programs for prospective artisans, businesses, and entrepreneurs to help overcome challenges associated with working in the sector, including:

- GNWT support for the SEED program and [www.nwtarts.com](http://www.nwtarts.com) (see GNWT Arts and Crafts side box)
- GNWT Tourism and Parks support for Community Tourism Infrastructure Programs and Tourism Product Development and Marketing
- Business Development and Investment Corporation (BDIC) in Yellowknife
- Western Arctic Business Development Corporation
- Aboriginal Business Canada
- Growing Forward 2 program with a focus on greenhouse commercialization and traditional harvesting

Secondly, the arts and crafts and local food sector is highly tied to the tourism sector. As tourism continues to draw people into Inuvik (and the NWT more broadly), opportunities to access visitors that are ready to purchase items will become easier. In this vein, ensuring that Inuvik's artisans are prepared to meet the demands of tourists (i.e. supply of in-demand items in particular) will be one of the most important considerations to make in promoting the future of the sector in Inuvik. Ensuring these items are easily found and accessible by tourists should also be another priority for the future. Initiatives such as the Great Northern Arts Festival are good examples of work currently being done to mix arts and crafts and local food with tourism experiences and should continue to be promoted for the benefit of the sector.

Thirdly, new opportunities around e-commerce and marketing to populations outside of Inuvik and the NWT should be a priority in growing the sector. These markets represent a large untapped potential to contribute to local economic development. The Town of Inuvik could have a role to play in bringing the various stakeholders together to capitalize on these opportunities. In the process, the Town of Inuvik can continue to build on its leadership in hosting the Great Northern Arts Festival every year to be seen as a hub for arts and crafts and local food.



FIGURE 31: ARTS AND CRAFTS AND LOCAL FOOD PRIORITY GOALS AND RATIONALES

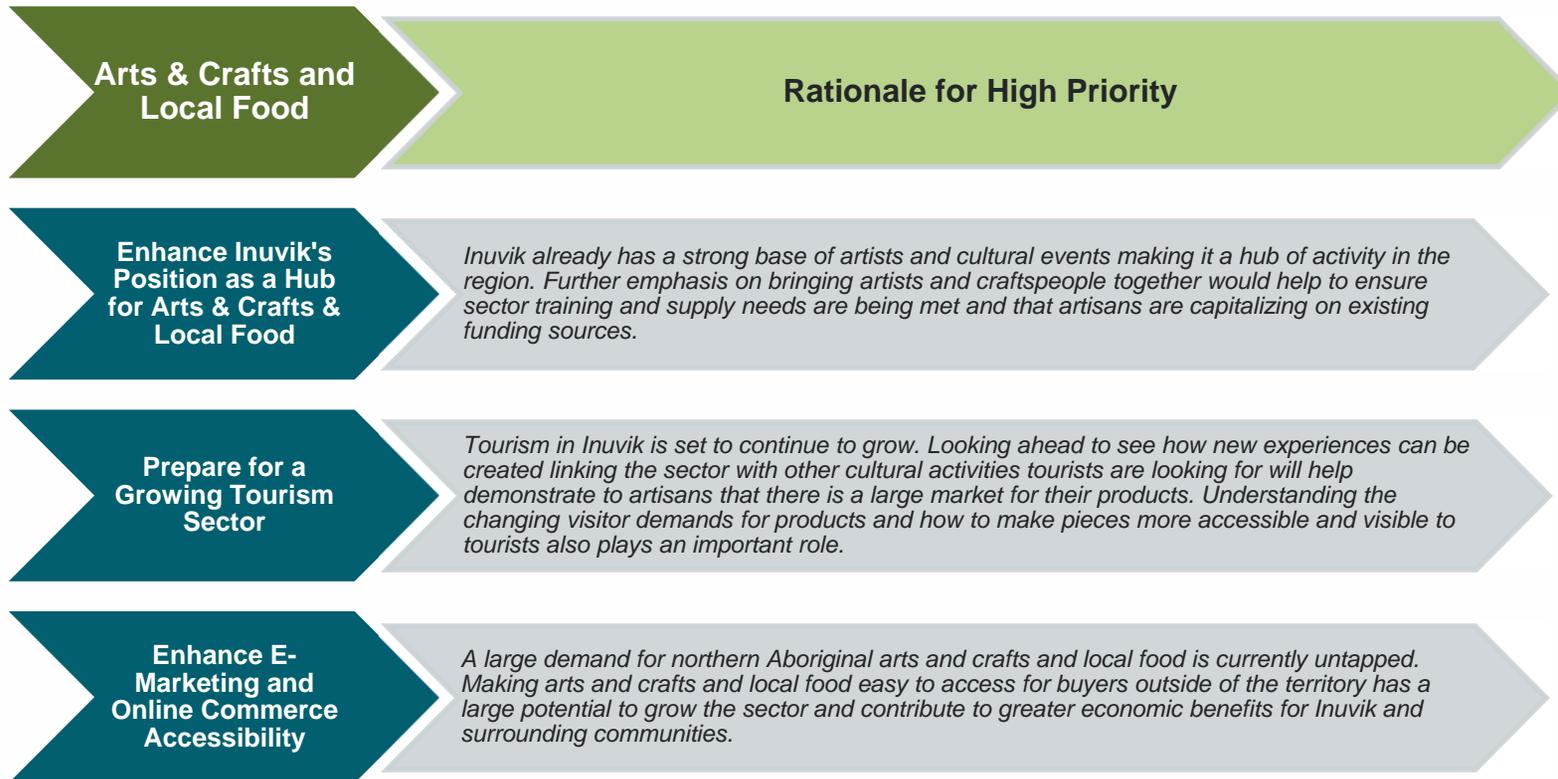




FIGURE 32: ARTS AND CRAFTS AND LOCAL FOOD PRIORITY OPPORTUNITY ACTION PLAN

Description of Broader Opportunity	Recommended Action Items	Role for the Town of Inuvik & Partners	Priority
<b>Position Inuvik as the Arts &amp; Crafts &amp; Local Food Hub</b>	Create an arts and crafts regional working group bringing together leaders in the sector within Inuvik and the surrounding communities. This working group should have a main focus on sharing information about the sector with each other and to ensure continuous networking.	Partner; GNWT ITI, IRC, Gwich'in Tribal Council, Tourism Providers, Carvers, Artisans, and Crafters	High
	Create a local food regional working group bringing together leaders in the sector within Inuvik and the surrounding communities. This working group should have a main focus on understanding the ways that local food can be incorporated into local tourism experiences as well as how it can be packaged, promoted, and exported to national and international gourmet/luxury buyers (wholesale, retail, restaurant, or direct to consumer).	Partner; GNWT ITI, IRC, Gwich'in Tribal Council, Tourism Providers, Local Food Growers, Hunters, Fishermen, Berry Collectors	High
	Bring together information on all the available funding in the sector and how to apply to them in an easy to read "one-stop" shop information resource.	Lead; GNWT ITI	Highest
	Explore the possibility of an arts and crafts cooperative/incubator/foundation in Inuvik to facilitate the bulk buying of arts and crafts raw materials, as well as to keep members informed of new opportunities, trainings, and trends in the sector. A strong focus on networking and peer to peer collaboration should be used. A focus on securing long-term funding for the promotion of the sector should also be taken.	Partner; GNWT ITI, IRC, Gwich'in Tribal Council	Medium
	Invest in creating a "maker-space" where youth can collaborate to use traditional arts and crafts skills to create modern projects. Investing in a 3D printer and training people on how to use it should be considered.	Partner; GNWT ITI, IRC, Gwich'in Tribal Council	Medium



Description of Broader Opportunity	Recommended Action Items	Role for the Town of Inuvik & Partners	Priority
<b>Prepare for a Growing Tourism Sector</b>	Coordinate a market research initiative to understand what arts and crafts items are in demand by visitors and communicate that back to artisans (e.g. iPad cases vs. cigarette holders).	Lead; GNWT ITI, IRC, Gwich'in Tribal Council, Tourism Providers	Highest
	Engage arts and crafts and local food producers in a short tourism customer service training to create consistency in how products are presented to customers and to ensure that each product has a compelling story that is shared to customers.	Lead; GNWT ITI, IRC, Gwich'in Tribal Council, Tourism Providers, Carvers, Artisans, and Crafters, Local Food Growers, Hunters, Fishermen, Berry Collectors	High
	Create more tourism specific signage around Inuvik indicating where specific arts and crafts and local food businesses and experiences can be found (i.e. this way to arts and crafts, this way to reindeer meat, etc).	Lead; GNWT ITI, IRC, Gwich'in Tribal Council, Tourism Providers	High
	Invest in a storage facility/community freezer to store traditional foods year round. Create a fee structure for private tourism providers or others to be able to access these foods to include in their tourism offerings.	Partner; Lead; GNWT ITI, IRC, Gwich'in Tribal Council, Tourism Providers	Medium
	Work with the GNWT to create arts and crafts point of sale opportunities at the Western Arctic Regional Visitors Centre.	Partner; GNWT	High
<b>Enhance E-Marketing and Online Commerce Accessibility</b>	Upload and showcase arts and crafts and local food in Inuvik content on <a href="http://www.destinationinuvik.com">www.destinationinuvik.com</a> . This content should include information on where to buy items, profiles and stories of producers (with videos), and details on the range of available items for purchase throughout the year.	Lead; GNWT <a href="http://www.nwtarts.com">www.nwtarts.com</a>	Highest
	Facilitate a relationship between arts and crafts producers and <a href="http://www.nwtarts.com">www.nwtarts.com</a> . Work with producers to understand why that system may or may not be working for them.	Partner; GNWT <a href="http://www.nwtarts.com">www.nwtarts.com</a>	High



Description of Broader Opportunity	Recommended Action Items	Role for the Town of Inuvik & Partners	Priority
	Facilitate the formation of relationships between crafts producers and private businesses selling arts and crafts products online from the NWT (such as <a href="http://www.arcticcanadatrading.com">www.arcticcanadatrading.com</a> ).	Partner; <a href="http://www.arcticcanadatrading.com">www.arcticcanadatrading.com</a> , other online sellers	High-Medium

### Performance Measures

- Formation of an arts and crafts working group and # of new members/member retention
- Formation of a local foods working group and # of new members/member retention
- Changes in the amount of funding programs being accessed
- Market research conducted and # of new arts and crafts products produced
- Increased exposure and sales for arts and crafts and local food producers
- # of new relationships established with online sellers
- Website metrics (i.e. unique visitors, click-rate, time spent on the site) for [www.destinationinuvik.com](http://www.destinationinuvik.com)
- # of new products and accompanying stories, profiles, and videos uploaded to [www.destinationinuvik.com](http://www.destinationinuvik.com)



# Priority Opportunity: Small Business and Entrepreneurship





## 9 Priority Opportunity: Small Business and Entrepreneurship

The development of a growing business community is important to building a successful economy in the North. If resource development is noted as the backbone of the North economy, then, small businesses<sup>31</sup> function as its heart. From the Capital Suites in Inuvik to Monster Recreation in Hay River, the small business sector is collectively the largest employer in the NWT.

### 9.1 Sector Characteristics

Small businesses are scattered across all communities and sectors; the 2013 Canadian Business Patterns data showed that there were 1,449 small businesses in the NWT – a decrease from 1,512 in 2008 – with the largest representation of small businesses participating in the professional, scientific and technical services sector. Likewise, small businesses in Inuvik represented 56.2% of the total business base. Inuvik’s largest representation of small businesses is in the retail trade sector. Indeterminate businesses<sup>32</sup> also represented a large share of total businesses across all compared economies. These businesses are often comprised of sole entrepreneurs.

Figure 33 provides a breakdown of business by employee size across Inuvik, surrounding Inuvik region, NWT, and Canada.

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<sup>31</sup> Industry Canada has defined size of a business based on the number of employees firms are considered “small” if they have fewer than 50 employees. Above that size, and up to 499 employees, a firm is considered medium-sized. The smallest of small businesses are called micro-enterprises, most often defined as having fewer than five employees.

<sup>32</sup> Indeterminate businesses are defined as businesses that do not have any employees registered with the CRA. Such businesses may indeed have no workforce (they may simply be paper entities that nonetheless meet one of the criteria for recognition as a business location) or they may have contract workers, family members and/or only the owners working for them.



FIGURE 33: TOTAL BUSINESSES BY EMPLOYEE SIZE, DECEMBER 2008 AND 2013

	Total Businesses	Indeterminate	Micro- enterprises (1-4 emp.)	Small businesses (5-49 emp.)	Medium sized businesses (50-499 emp.)	Large businesses (500+ emp.)
<b>December 2008</b>						
Town of Inuvik	259	106	54	88	11	0
Surrounding Inuvik Region*	283	80	59	141	3	0
Northwest Territories	2,627	997	577	935	116	2
Canada	2,359,426	1,238,718	603,965	464,522	49,421	2,800
<b>December 2013</b>						
Town of Inuvik	242	98	58	78	8	0
Surrounding Inuvik Region	107	22	19	65	1	0
Northwest Territories	2,667	1097	531	918	119	2
Canada	2,685,276	1,484,957	664,744	480,254	52,590	2,731
<b>Business Growth from 2008-2013</b>						
Town of Inuvik	-17	-8	4	-10	-3	0
Surrounding Inuvik Region	-176	-58	-40	-76	-2	0
Northwest Territories	40	100	-46	-17	3	0
Canada	325,850	246,239	60,779	15,732	3,169	-69

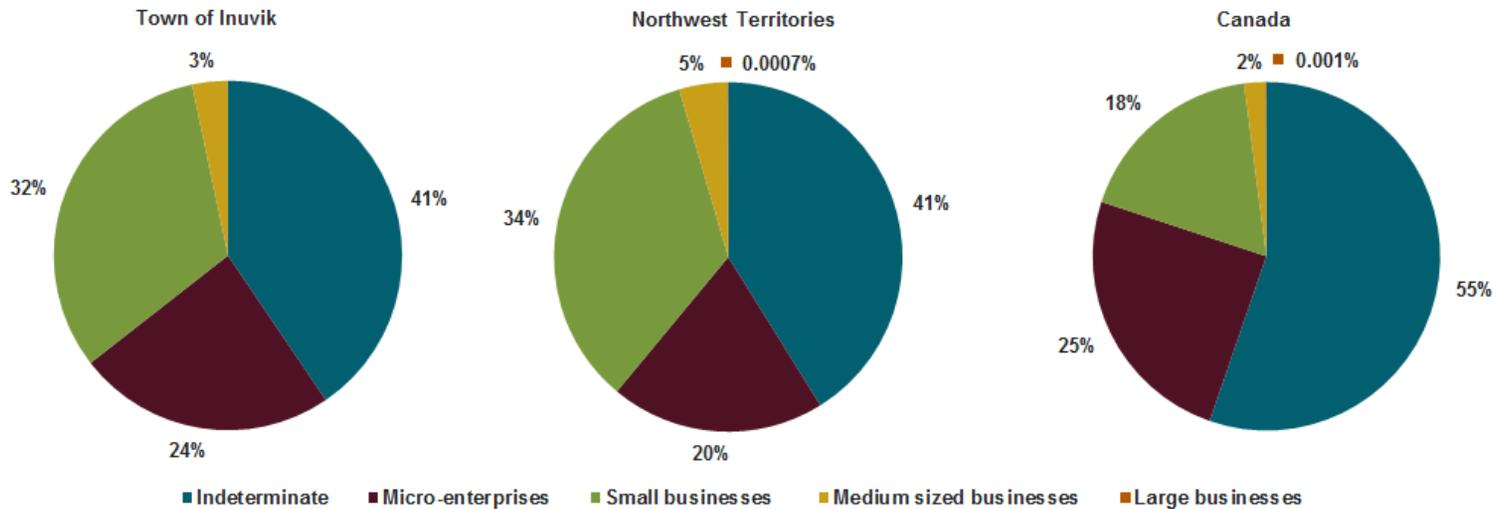
Source: Canadian Business Patterns, Statistics Canada, December 2008 and December 2013

\* Surrounding Inuvik Region includes the following municipalities; Tsiigehtchic, Paulatuk, Fort McPherson, Aklawik, Tuktoyatuk, Sachs Harbour, Ulukhatok, Region 1 Unorganized

Figure 34 provides a comparison of total business share between Inuvik, NWT and Canada. The figure reflects that small and indeterminate businesses represent a large component of the Canadian business base. Similarly, Inuvik and the NWT present similar business shares across the economy.



FIGURE 34: TOTAL BUSINESS SHARE BY EMPLOYEE SIZE, DECEMBER 2013



Source: Canadian Business Patterns, Statistics Canada, December 2013

A recent Statistics Canada report titled *The Contribution of Small and Medium-Sized Businesses to Gross Domestic Product* estimate that small and medium sized businesses account for 54.2% of the GDP in Canada.<sup>33</sup> This contribution to GDP rises further depending on the industry. For example, construction, health and accommodation industries have even larger shares of GDP among the small and medium businesses.

Typically, small businesses serve specialized, niche markets that larger businesses cannot or choose not to compete in. Small businesses can also be more flexible in production processes and are capable of offering personalized products that larger businesses cannot effectively offer, an observation echoed in the Statistics Canada Report. However, for small

<sup>33</sup> Leung, Danny and Rispoli, Luke. *The Contribution of Small and Medium-Sized Businesses to Gross Domestic Product*. (2011) Retrieved from <http://www.statcan.gc.ca/pub/11f0027m/11f0027m2011070-eng.pdf>



businesses to be truly innovative and increase production and jobs, it requires financing to support improvements to production processes or to create specialized products.

A key message from the report is that local communities must have the small business support mechanisms (e.g., funding capital resources and venture capital networks) in place to foster growth in this sector of the economy.

## 9.2 Market Demand and Challenges

The Canadian Federation of Independent Businesses noted a better environment is needed to stimulate the ownership, retention and operation of small businesses in the NWT. The review suggested that there is the need to act now because:

- There has been limited action on regulatory reform by the territorial government
- There is a shortage of qualified labour
- The NWT's small business tax rate is one of the highest in northern and western Canada
- The high commodity prices are a pressure point for many independent businesses.

Starting, operating and expanding a business require investment and financing. A recent review of economic development in the NWT revealed that gaps and overlaps in existing funding programs are impeding access for small businesses.<sup>34</sup>

The review states that while these businesses can access the funding opportunities many owners have expressed that it is often a confusing and cumbersome process. Additionally, owners have also requested that business advisors (such as banks) and financial assistance providers work hand in hand to restructure the access to lending programs and services.

Industry associations and corporations have also shared information concerning labour force development efforts across the North. A Conference Board of Canada study published in 2011, *Building Labour Force Capacity in Canada's North*, points out several labour force issues.<sup>35</sup> The study highlights that businesses find it difficult to hire capable employees. The study suggests a need for communities to assist in creating employment opportunities by increasing high school graduation rates, ensuring high schools offer courses necessary for students to pursue apprenticeship or post-secondary academic education, improving infrastructure to make training and employment more accessible, and providing adequate

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<sup>34</sup> Government of Northwest Territories, NWT Economic Opportunities Strategy Team. Northwest Territories Economic Opportunities Strategy – Discussion Paper – Working Together: Connecting Businesses and Communities to Economic Opportunities. (2012-2013). Retrieved from [http://www.nwtopportunities.com/sites/default/files/FINAL%20Discussion%20Paper\\_0.pdf](http://www.nwtopportunities.com/sites/default/files/FINAL%20Discussion%20Paper_0.pdf)

<sup>35</sup> Martin, Heidi. The Conference Board of Canada. *Building Labour Force Capacity in Canada's North*. (2011)



funding for vocational training. A recent trend across Aboriginal youth employment in Northern Canada has been the creation of public-private partnerships to deliver vocational training funding through regional councils and agencies.<sup>36</sup>

Given the geographic breadth and remoteness from major centres, it figures that the cost of conducting business is a barrier for small businesses in the NWT. Throughout the consultation process, businesses cited the compound effect of doing business - resulting from a combination of the relatively high costs of commodities (e.g. fuel, supplies), taxes, energy (e.g. utilities), and the high cost of transporting them (e.g. shipping supplies from the provinces) – are limiting their potential for growth. Businesses went on to cite that the cost of doing business in the North is five times higher and the effort of operating here is ten times what it is in the provinces.

Businesses also recognized that the costs associated with infrastructure needs of the North are limitless and that there is a need for local communities to assist in determining the priorities of those needs. Support was heard that businesses – especially small businesses – need more than just physical infrastructure (roads, runways, energy and telecommunications); they need social infrastructure (health, education, housing, transport, and business services) to continue to offer innovative products and a happy employee base.

In a Canadian Chamber of Commerce report about developing the economic potential of Canada's Territories conducted, northern business stakeholders stated that they believe local businesses can withstand the comings and goings of major projects/investments and that local businesses are the foundation of the strong and stable communities the territories need to ensure for its long-term economic prosperity.<sup>37</sup>

## 9.3 Sector Opportunities

Inuvik businesses have access to Community Economic Development Officers, Business Development Officers, and Community Futures staff who provide information on funding and development resources available through the Northwest Territories Business Development and Investment Corporation, Community Futures Organizations, the Canada/Northwest Territories Business Service Centre, and the Federal Aboriginal Business Canada Program. Additionally, small businesses in the north also have access to the recently developed Support for Entrepreneurs and Economic

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<sup>36</sup> Abele, Frances and Delic, Senada. Carleton Centre for Community Innovation. Aboriginal Youth Employment in Northern Canada. Retrieved from <http://carleton.ca/3ci/wp-content/uploads/Aboriginal-Youth-Employment-Report-March-20-2014.pdf>

<sup>37</sup> Canadian Chamber of Commerce. Developing the Economic Potential of Canada's Territories. (2012)



Development (SEED) Program. This program adds to the support available to individuals thinking of starting their own business, as well as, help existing entrepreneurs improve their capacity or skills to expand their business.

The Territorial Government has also recently lobbied and leveraged federal funding and investment to develop, promote, and sustain small business in the Northwest Territories. A recent example was the extension of Canada's highly successful Strategic Investments in Northern Economic Development Program funding, a total of \$30 million dollars for the territory. Similarly, the Federal committed to establish and fund the now operating Canadian Northern Economic Development Agency, reflecting the long-established efforts by the Territorial Government to secure federal support in the interests of economic and business development in the NWT.

A testament to the enthusiasm and hard work that small businesses in Inuvik and NWT have is seen from the recent Community Futures Development Corporation Loan Portfolio. The portfolio states that \$10 million was distributed to small businesses across the NWT, a significant total that went into improving local products and business performances.

### **Setting Priorities for Small Business and Entrepreneurship Development in Inuvik**

While it has its challenges, small business development is an ongoing procedure of local economic development efforts. The Northwest Territories Economic Opportunities Strategy poses five questions that communities across the territory have suggested need to be front and center of any small business development efforts.

The questions the report considers include:

- What actions could be implemented to promote and retain business?
- How do we encourage added participation from small businesses in the traditional economy?
- What actions are needed to eliminate duplication between governments?
- Can you identify areas where 'red tape' can be reduced?
- How can we encourage diversification of the economy?

Answering these questions is a complex task for any one economic development office. As mentioned earlier, small business development is a process that is supported through group / partnership efforts. Eliminating duplicated efforts can be achieved through partnerships and pooling resources into sustaining and improving small business programs.

Important to small business development is also the recruitment and expansion of existing businesses. Over the last two decades studies have documented the impact of existing businesses on job growth. Other studies have examined the



impact of businesses on maintaining strong local economies through investments in the social fabric of the community. Existing businesses are always a primary source of information about the community for companies looking to relocate.<sup>38</sup> Fostering a supportive business environment in which the Town's existing businesses can grow and thrive will assist in small business development.

Some of Canada's leading colleges and universities are integrating entrepreneurial programming to support their local business communities, including business mentorship programs and courses for students. Inuvik could support exploring these ideas with Aurora College.

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<sup>38</sup> Henry M. Cothran. (Business Retention and Expansion (BRE) Programs: Why Existing Businesses Are Important. University of Florida. The Institute of Food and Agricultural Sciences (IFAS). (2013)



FIGURE 35: SMALL BUSINESS AND ENTREPRENEURSHIP PRIORITY GOALS AND RATIONALES





FIGURE 36: SMALL BUSINESS AND ENTREPRENEURSHIP PRIORITY OPPORTUNITY ACTION TABLE

Description of Broader Opportunity	Recommended Action Items	Role for the Town of Inuvik & Partners	Priority
<b>Partnerships that Advance Inuvik's Small Business Sustainability</b>	Work effectively with representatives of regional economic organizations to identify and respond to emerging opportunities for small business development	Lead; CFDC, Chamber of Commerce, CanNor, Aurora College	Medium
	Engage the CFDC in the development of a Centre for Small Business Collaboration aimed at strengthening small business activity in Inuvik	Partner; CFDC	Medium-Long
	Long term relationship building and the cultivation of goodwill and mutual respect with the Gwich'in and Inuvialuit administrations is recommended to create future opportunities for collaborative projects that benefit both communities.	Partner; Gwich'in Administration, Inuvialuit Administration	High
	Continue to connect regional research institutions and post-secondary institutions with businesses and organizations to develop opportunities for cross pollination and sharing of resources	Partner; Aurora College, Chamber of Commerce	Medium
	Pursue the creation of Small Business Advisory Board to advise on issues related to the growth and sustainability of businesses in the Town	Lead; Chamber of Commerce	High
<b>Retain and Expand Existing Businesses while Identifying New Business Opportunities</b>	Invest heavily in employer engagement because it is critical to success. Initiate regular visits to business owners and managers in the public and private sectors, at their place of business, to understand their needs and offer recruitment services and report on the successes of the program. The CFDC may be a good partner to support business outreach.	Lead; CFDC	High
	Conduct sector specific business BR+E survey (different sector each year or six months) Answer the questions: What barriers to growth need to be removed? What opportunities exist in the broader economy as well as for individual businesses?	Lead	High



	Promote the existing resources available to support small business and start-ups as it relates to training, employee recruitment, business counselling, market research, business planning, marketing, event planning, and legal and financial resources.	Partner; CFDC, Aurora College	Highest
	Identify opportunities to participate in larger NWT initiatives as a means to attract small businesses to Inuvik.	Partner; GNWT, CanNor	High
	Capture and share business success stories as part of investment attraction efforts	Lead	High
	Work with business and community stakeholders to identify a list of mentors and 'ambassadors' willing to provide business assistance and coaching to business starts and entrepreneurs; including being advocates for new business in the community	Lead	Highest
<b>Build the Next Generation of Entrepreneurs</b>	Coordinate a strategic planning session on the best next steps for entrepreneurship development in the community, with the assistance and input of entrepreneurs in the community	Partner; CFDC	High
	Encourage development of local space that allows for small professional services agencies like engineers, accountants, legal services, public relations and internet/website services	Lead; CFDC, Chamber of Commerce, Aurora College	High-Medium
	Support the NWT Aboriginal Head Start Program	Partner; Western Arctic Aboriginal Head Start Council	High
	Work with CFDC, Aurora College, and the Chamber of Commerce to promote and deliver small business seminars geared to business start-up, business planning, marketing and sales, succession planning, website development etc. recognizing the uniqueness of Inuvik's business community	Partner; CFDC, Aurora College, Chamber of Commerce	Medium
	Develop and promote a business toolkit that lists all available programs for small business support and development	Partner; CFDC, GWNT, Aurora College	High



Engage local schools, business leaders, youth support agencies and CFDC to develop and promote a youth entrepreneurship program as a way to foster the growth of an entrepreneurial culture in the Town	Partner; CFDC, local businesses	Medium
Expand and support the business development efforts of the local CFDC in the Town. Pursue opportunities to regularly engage the CFDC around its programming and services to area businesses particularly where they support new entrepreneurs.	Lead; CFDC	High
Pursue the creation of an Inuvik Small Business Enterprise Centre to provide guidance and support to start-up and existing small businesses recognizing the uniqueness of the Town's business community	Partner; CFDC, CanNor	Long

### Performance Measures

- Business participation in school and civic events
- % of companies developing new products or services
- # of new businesses started/new business licenses
- # of business establishments
- # of businesses visited/surveyed/engaged
- # of new businesses attracted or expanded
- # of jobs created
- # of mentoring sessions held and # of mentorship relationships formed
- # of business retention and/or expansion success stories
- % change in business diversification (or number of new business activities)
- # of new business collaborations



# Conclusion and Implementation





## 10 Conclusion and Implementation

*Opportunities Ahead: A Strategy for Economic Growth in the Town of Inuvik* has been informed by primary and secondary research and by direct input from the Town of Inuvik’s leadership, community and business leaders, residents, and regional organizations and associations. The Strategy is intended to build on the historical successes of Inuvik while also recognizing some of the limits of this success and the current need for a renewed momentum in the community to achieve lasting and sustainable economic growth.

One of the key considerations in the effective implementation of this Strategy will be an understanding and communication of how the Strategy is to be resourced. This includes the financial resources required to move forward as well as the clarity of roles and responsibilities between the Town’s Council and municipal staff and local and regional stakeholders. This is relevant from the perspective of potential residents and businesses, investors and visitors to Inuvik and their desire for a “one-stop shop” approach to gathering information and assistance and understanding where future partnerships might emerge. With many of the action items identified by the Strategy receiving the “highest” or “high” priority status, it is important to consider the current capacity of the Town to address these items and how current structures contribute to achieving these goals.

The Town of Inuvik is at an important cross-road in its history. Strategic investments by the Town in a number of priority sectors, along with an emphasis on creating partnerships and collaboration with local and regional organizations are the foundational elements from which Inuvik will continue to thrive and secure its economic growth well into the future.



Photo courtesy of [www.inuvikphotos.ca](http://www.inuvikphotos.ca)